# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,657 — Tuesday December 22 1981 — ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c



## NEWS SUMMARY

### GENERAL

## Power cuts inquiry set up

Energy Secretary Nigel Lawson announced an urgent inquiry into why electricity was cut off for so long during the recent bad weather.

Some 200,000 consumers, especially in the south-west, lost power for up to five days as blizzards toppled poles and caused short circuits by crossing power lines.

More heavy snowfalls hit Britain yesterday, with the south, Essex and Kent worst affected. Meteorologists were again attacked for not foreseeing the blizzards. Weather forecast, Back Page

### Fares debate

Commons will today hold an emergency debate on the Law Lords' decision outlawing a supplementary rate demand to pay for London Transport fare cuts. Page 6

### Lifeboat probe

The Trade Department is to begin an urgent preliminary inquiry into the loss of the Penlee lifeboat with 16 lives off Land's End at the weekend. RNLI tradition, Page 4

### Orlov 'caged'

Soviet human rights activist Yuri Orlov is in a 10 ft x 4 ft cell after being sentenced to six months in a labour camp for taking part in a prisoners' strike, his wife said.

### Danish talks

Danish Premier Anker Joergensen is expected to try to form a Social Democratic minority government or minority coalition. Page 2

### Brazilians unite

Brazi's two biggest opposition parties voted to merge, in response to government proposals for new electoral rules. Page 3

### Coup sentences

Seven Gambians were sentenced to death in the first of over 1,000 trias deaing with Juy's attempted coup, in which 800 died.

### Pay dispute case

A Civil Service union leader was convicted under a century-old conspiracy Act of trying to stop two managers doing their job during this year's pay dispute. Page 5

### Wider training

The Government has greatly extended plans for Information Technology Centres for training unemployed youths in electronics and computer skills. Back Page

### 'Sickening' Iran

The independent International Commission of Jurists in Geneva condemned the "sickening" growth in the number of executions in Iran.

### Bahrain 'plot'

Bahrain, celebrating 10 years of independence, arrested 60, said to have trained in Iran and accused them of plotting to overthrow the rfegime.

### Holdups rise

The number of armed robberies in London nearly doubled, to 905, in the first nine months of the year from the same time in 1980.

### Briefly . . .

Bank robbers stole over DM 2m (£470,000) in two raids in the Ruhr, West Germany.

Pope will visit Nigeria and Gabon in February.

Prague faces a Christmas tree shortage, as the retailer forgot to order them.

### BUSINESS

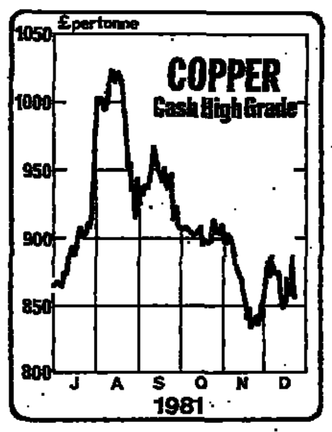
## Sterling weakens; Gold off $9¼

● STERLING fell 80 points in quiet trading in London, closing at $1.872. It also finished at DM 4.27 (DM 4.3) and SwFr 3.405 (SwFr 3.43). Its trade-weighted index was unchanged at 90. Page 24

● DOLLAR eased in London to DM 2.2815 (DM 2.287) and SwFr 1.82 (SwFr 1.8245) but strengthened to Y219.85 (Y218.6). Its trade-weighted index fell to 107.6 (107.9). Page 24

● GOLD fell $9¼ in London to $407.5. Page 24

● COPPER prices fell sharply on the London Metal Exchange as the market came under heavy selling pressure. High-grade cash price closed £33.75 down at £855.25 a tonne. Page 27




● GILTS eased on interest rate worries. The Government Securities index closed 0.17 down at 61.89. Page 28

● EQUITIES fell in thin trading. The FT 30-share index finished 0.6 down at 520.7. Page 28

● WALL STREET was 2.19 down at 873,57 near the close. Page 26

● RECOVERY underway in Britain since the summer has been largely a result of a reduction in destocking by industry. Back Page

● NORTH SEA OIL taxes could be scrapped and replaced with a single Petroleum Profits Tax under plans being considered by the Government. Back Page

● LIBYA is to lower the price of its top selling oil by 50 cents a barrel to $37 from the beginning of next year. Page 2

● ACCESS credit card company is cutting the maximum service charge paid by retailers from 5 per cent to 4 per cent. Back Page

● SWINDON industrial development project which will cost between £35m and £40 is being funded by the Kuwait Investment Office. Page 4

● FORD management concessions on working practices, pensions and the shorter working week raised hopes that an all-out strke may be averted.

● SOUTH AFRICA'S Anglo American Corporation, De Beers and Minorco group is to acquire South American mining assets worth $115m (£61m). Page 20

● AEG-TELEFUNKEN of West Germany and Peugeot of France have agreed to merge their power tool interests. Back Page

● TRIDENT TV will try and sell its newly acquired casino interests if it fails to obtain court permission to operate them. Page 18

● DUBILIER, the electronic components group, reported pre-tax profits of £1.46m, down from £1.63m, for the year to September 27. Page 18

● SIEBE GORMAN, specialist engineering and protective equipment group, raised pre-tax profits from £1.66m to £1.72m for the six months to September 30. Page 18

## Heseltine prescribes 3.5% real cuts in council spending

BY ROBIN PAULEY

LOCAL AUTHORITIES in England will face severe financial penalties in 1982-83 if they fail to cut their overall current expenditure by 3.5 per cent in real terms.

Mr Michael Heseltine, Environment Secretary, said yesterday that the authorities' total current expenditure provision for 1982-83 would be £18bn. This represents a 2 per cent increase in the amount of cash councils can spend next year compared with this year, but will mean a cut, in real terms, of 3.5 per cent based on the Government's assumptions for inflation next year.

The Government's contribution to council spending through grants will be 56 per cent of expenditure which ranks for grant, a cut of 3.1 per cent. The total amount to be dispended in grant will be £11.5bn, £500,000 more than in 1981-82.

Other main features of the settlement include:

● A cut in real terms of £240m or 2 pe rcent from the education budget with plans to direct money away from higher education and towards non-academic children.

● £456.9m for transport supplementary grant, an increase of 11 per cent over 1981-82, but penalties for transport authorities which have not increased fares "realistically;

● All for inner urban areas in the form of increased capital allowances for housing projects although further severe cuts demanded on expenditure on services.

● An assumption within the grant cash limit that inflation in 1982-83 will be 4 per cent

Details, Page 6
Britain's inner cities, Page 17

for pay and 9 per cent for prices.

● Targets for councils will represent a maximum cut of 7 per cent against their 1981-82 original or revised budget, whichever was lower. This is thought to be the maximum cut possible before the scale of redundancy payments introduces diminishing returns from further reductions.

● Penalties for overspending to be limited to a total grant loss which would be equivalent to a rate of 15p in the pound.

One consequence will be that inner city areas will be required to make large current expenditure cuts, particularly many London boroughs. Manchester, Liverpool, Doncaster, Sheffield, Newcastle upon Tyne, Sunderland, Walsall, and Bristol.

All inner London boroughs must make a 7 per cent cut except Kensington and Chelsea, Westminster and Wandsworth. These three Conservative-controlled authorities have been given favourable targets needing cuts of 1.8 per cent, 1 per cent and 3.2 per cent respectively because the Government feels they have complied with requests to restrain spending.

Mr Heseltine said that, although the settlement would require significant economies, the Government thought it was realistic and fair in the current economic circumstances.

For 1982-83, the Government's idea was to relieve the pressure on councils which had already cut their budgets and tried to meet the Government's targets. The individual targets were an attempt to concentrate the minds of councils which had so far not responded to the Government. No council was expected to increase its spending in real terms next year

Mr Heseltine said he hoped that rate rises would generally be low next April if councils kept to the overall targets. He said the same thing at last year's settlement, but councils overshot the targets by £1bn and this resulted in average rate increases of 20 per cent.

## EEC finance ministers reject call for budget rise

BY LARRY KLINGER IN BRUSSELS

EUROPEAN COMMUNITY governments and the European Parliament are once more locked into a full-scale confrontation over the EEC budget. This could lead to the refusal again by some member states to pay their full contributions.

For the third year in succession, EEC finance ministers yesterday rejected the Parliament's annual request for increased spending—an attempt, in the ministers' view, to increase parliamentary power at the expense of the EEC Council of Ministers.

The ministers, meeting in a special session in Brussels to consider the Parliament's proposed amendments to the Community's £11.5bn budget for 1982, rejected the call for spending to be increased by £116.5m.

They coupled their rejection with an offer to Mme Simone Veil, the Parliament's President, to open negotiations on the outstanding issues if she would delay signing the budget into force.

But there was expectation that she would and, in the event, Mme Veil signed the budget into force without waiting for the letter, having only heard its contents over the telephone.

This is the third successive year since the Parliament became directly elected in 1979 that the annual budget debate has placed the member states and the MEPs at loggerheads.

Two years, the Community operated on a nemergency basis for about six months until a compromise was found. Last year, when the situation was similar to the current impasse, France, West Germany and Belgium refused to pay their full contributions until a political compromise was eventually struck this summer.

As in the past, the opposition to the Parliament's proposals and tactics was led by West Germany and France, supported in varying degrees by most of the other member states. Only Italy, Ireland and Greece supported the Parliament.

The ministerial council would probably have accepted an increase of £62m.

The sums traditionally contested are in fact relatively small.

This year's argument, therefore, really involves only about £54m or less than half of 1 per cent of the EEC's budget.

The council has the final word over virtually all common agricultural policy spending, which still accounts for nearly two-thirds of the Community's budget. On the other hand, the Parliament has control, albeit severely limited by EEC budget formulas, over non-agricultural items

Belgium, which takes over the presidency of the Council of Ministers from Britain at the beginning of the year, has made the resolution of the quarrel over who controls what spending and to what extent, one of the declaired aims of its six-month term in office.

## New Year rail disruption looms

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL faces a mounting crisis over its attempts to improve productivity following a refusal yesterday by the train drivers' union Aslef to attend talks set for today. The Government has demanded improved productivity as a precondition for further railway electrification.

Aslef's refusal to attend talks with the Advisory, Conciliation and Arbitration Service significantly increases the prospect of the union mounting disruptive industrial action in the New Year.

BR sought today's talks when negotiations with Aslef on improved productivity reached deadlock. The negotiations themselves resulted from an agreement reached with the help of Acas in August, which narrowly averted the train drivers' threat then of a national rail strike.

Because of lack of progress, particularly on the issues of flexible rostering and the single manning of passenger trains, BR has warned Aslef that it may not pay its members the final 3 per cent of this year's two-part 11 per cent pay deal.

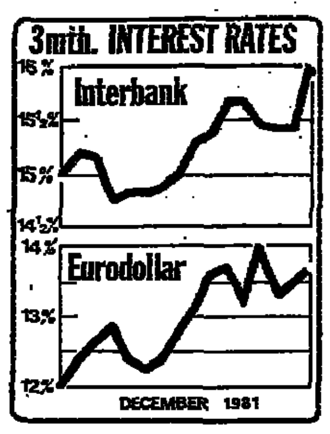
BR will decide—within the next 48 hours, according to one senior BR official—whether to carry out this threat, which seems certain to lead to Aslef deciding again on strike action.

The BR board might also decide to withhold the 3 per cent from members of the industry's largest union, the National Union of Railwaymen, if the NUR executive today rejects a nagreement reached with its officials on flexible rostering.

While NUR officers hope the agreement will be accepted, the increasingly left-dominated NUR executive has a recent history of rejecting such moves. The Aslef decision, coupled with the Lords' judgment on GLC fares and lack of progress on further electrification projects, could increase militancy.

BR has negotiated an agreement with the NUR giving a flexible working day of 7 to 9 hours, depending on traffic, rather than the present rigid 8-hour day. BR's original proposal was for 6 to 10 hour flexibility. The provisional agreement includes the introduction of a 39-hour week from January 4 by building up rest days rather than taking 12 minutes off each day.

Aslef, however, is sticking firmly to the principle of an 8-hour day, which it claims has ben sancrosanct since 1919. It is likely to claim a special responsibility payment for single-manning of trains, even though it is the train guards, represented by the NUR, who would in the main disappear.




## Short-term interest rates rise

By William Hall, Banking Correspondent

SHORT-TERM interest rates in the UK moved sharply higher yesterday, putting further pressure on the clearing bank's base rates now standing at 14½ per cent.

The key three month interbank rate—which is often used as a benchmark for bank base rates—rose by nearly half a percentage point and touched 16 per cent at one stage, before closing at 15¹³⁄₁₆ per cent, its highest level since the end of October.

Since the banks cut their base rate by half of one percentage point to 14½ per cent at the beginning of the month, the three month interbank rate has rise by a percentage point. Fortunately for the clearing banks the Bank of England has kept the market supplied with funds, and the seven-day interbank rate—which is also a key influence on the base rates — has remained unchanged at about the 15 per cent mark.

For the first time since early October the Bank of England did not intervene in the money markets yesterday, as there was no apparent shortage of funds. However, the one-month eligible bill rate crept up to 14⅞ per cent where it is now roughly ⅜ of one percentage point above the Bank's recent intervention rates.

Dealers will be watching to see whether the authorities decide to increase their intervention rates today in line with higher domestic interest rates.

UK interest rates have been affected by the recent increases in Eurodollar rates and in interest rates in the U.S. where the Fed funds rate has risen by half a percentage point over the past fortnight.

Trading on the foreign exchange markets was thin yesterday, overshadowed by developments in Poland. In Western Europe, the dollar weakened against most major currencies except for sterling where it rose 80

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## Resistance to Polish martial law 'growing'

BY OUR FOREIGN STAFF

RESISTANCE to the imposition of martial law in Poland appeared to be spreading last night, despite evidence from church and other independent sources that the death toll in clashes between militia and strikers had already passed 200.

In Washington the White House quoted intelligence reports that resistance to martial law had increased and said workers were on strike in about 20 mines in the Silesian coal basin.

But the strikes are not confined to coal mines as the Soviet news agency Tass made clear when it reported that "Solidarity extremists" had barricaded themselves in the Huta Katowice steel works and threatened to blow it up if security forces moved in to try to expel them.

This latest example of what Tass called "blackmail against the military authorities" followed the dropping of an earlier Tass report which claimed that "Solidarity extremists" had blown up one entrance of the Ziemovit coal mine near Katowice, trapping 1,300 men underground, and threatened to blow up the other entrance if the militia intervened to try to break the strike.

The story was dropped after independent sources reported that miners were indeed involved in a sit-in strike at the mine but that there was no question of any miners being involved against their will.

Reports reaching western diplomats in Poland indicate that sit-in strikes are also taking place in about 200 factories and plants in many areas of Poland. Eyewitnesses also cite many cases of strikers reoccupying factories after they had been cleared by armed militia.

The growing evidence of continuing repression and resistance has led to a further hardening of western public statements about the Polish crisis.

Lord Carrington, Foreign Secretary, said in London yesterday thaat the situation in Poland had "got very much worse." He added that western governments were reassessing their attitude towards future food and other economic aid to Poland so long as the military crackdown continues.

Future food supplies may depend on the willingness of the authorities to allow such shipments through Catholic church channels, he said.

At the United Nations, Dr Kurt Waldheim, the outgoing general secretary, said of U.S.-Soviet relations in the context of events in Poland: "Not since the Cuban missile crisis . . have we been faced with such great dangers."

Meanwhile Mr Lawrence Eagleburger, U.S. Assistant Secretary of State, arrived in Italy yesterday for talks aimed at establishing a joint western approach to the Polish crisis and reducing initial differences in U.S. and West European reactions to it. He flew on to Bonn last night, and will also visit London and Paris.

Lord Carrington indicated the general lines towards which western governments are moving when he said: "We should have to consider very carefully whether we go on with any economic aid unless it is clear that some of the repressive measures which are taking place in Poland are removed."

Lord Carrington's hints of a tougher line on economic assistance came as a group of eight major creditor banks met in Zurich to try to work ou a joint response to Poland's latest request for a further $350m. This is needed to pay the interest on the $2.4bn of bank debt which is being rescheduled this year on condition the interest is paid.

The degree to which western governments should provide guarantees to commercial banks in respect of their unsecured loans to Poland is another question which will be discussed with Mr Eagleburger and other western leaders, Lord Carrington said.

West German banks have said they will not extend any more credit to Poland unless they received guarantees from their governments. Other bankers are also believed to be seeking similar re-assurance.

Meanwhile the 116,000 East Coast and Gulf ports members of the U.S. dockworkers union announced a boycott of all shipments to or from Poland "in support of human rights" and to show detained Solidarity union leader Lech Walesa that "somebody cares."

● Prince Charles last night praised the courage of the Polish people and appealed for their "faith" to be rewarded. During a Christmas concert at Guildford Cathedral he told the congregation to think about the people of Poland this Christmas.

East German aid pours across border, Page 2
TUC seeks delay of debt relief to Poland, Page 5

### £ in New York

| — | Dec. 18 | Previous |
|---|---|---|
| Spot | $1.8825-8845 | $1.8830-8855 |
| 1 month | 0.35-0.31 dis | 0.35-0.32 dis |
| 3 months | 0.90-0.85 dis | 0.93-0.88 dis |
| 12 months | 1.25-1.10 dis | 1.35-1.20 dis |

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

**RISES**

| | | |
|---|---|---|
| Automated Security | 181 | + 4 |
| Black P. | 204 | + 9 |
| Black & Edgington | 58 | + 10 |
| Bowater | 211 | + 5 |
| Coalite | 125 | + 6 |
| Coates A | 53 | + 5 |
| Croda Intnl | 76 | + 7 |
| Dubilier | 57 | + 4 |
| Gripperrods | 121 | + 7 |
| Hambros Bank | 162 | + 7 |
| Huntley & Palmer | 84 | + 4 |
| Martin (R. P.) | 308 | + 8 |
| Pleasurama | 285 | + 15 |
| RFD | 42 | + 3 |
| Royal Worcester | 178 | + 8 |
| Sidlaw Inds | 240 | + 10 |
| Staveley Inds | 212 | + 5 |
| Meekatharra | 510 | + 35 |

**FALLS**

| | | |
|---|---|---|
| Exchqr 14pc 1986 (£40 pd) | £36¼ | — ¼ |
| Bank of Scotland | 496 | — 7 |
| Chemring | 225 | — 5 |
| Executex | 12 | — 3 |
| Guinness Peat | 80 | — 8 |
| Henlys | 107 | — 7 |
| Midland Bank | 322 | — 8 |
| Norton and Wright | 30 | — 5 |
| Scottish Newcastle | 47½ | — 2 |
| Claremont | 69 | — 12 |
| Geevor Tin | 143 | — 7 |
| Gld Mns Kalgoorlie | 375 | — 10 |
| Renison Gold | 372 | — 13 |
| Santos | 377 | — 8 |

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# EUROPEAN NEWS

## Company profits fall 10% in W. Germany this year

BY KEVIN DONE IN FRANKFURT

COMPANY PROFITS in West Germany have fallen on average by more than 10 per cent this year. The accumulated squeeze on corporate profitability in the past two years has been the worst of the post-war period, the Bundesbank says in its monthly report published today.

In real terms company profits have fallen by 25 per cent over the past two years, says the bank, and the corporate sector has borne the brunt of the recession.

Company profitability had been squeezed first by the drastic rise in energy prices and then by rising raw materials prices, which had been driven upwards by the weakness of the D-Mark. But the position was exacerbated, says the Bundesbank, by the last wage round, where increases could only be pushed through at the cost of company profits.

Falling profitability has hit companies' willingness to invest and new orders for capital goods have remained at a relatively low level in recent months—below the level of last year.

The latest surveys by the Munch-based Ifo economics research institute of investment intentions for 1982 indicate a further modest fall in investment next year, says the Bundesbank. Falling industrial investment can only prolong and make more difficult the process of economic restructuring and adjustment.

The fall in the level of investment in new plant and equipment recorded in the first two quarters of the year was halted in the third quarter, but investment was still running 2 per cent below last year's level from July to September in real terms.

New capital goods orders in September/October were also 2 per cent lower than a year ago.

West German industry's capital spending has not fallen as sharply as expected during the recession, says the Bundesbank, but there is also no sign of confidence returning. Current investment plans indicate a further fall of 1 per cent next year.

Inflation, at around 6.5 per cent in recent months, had not reached the record levels of 7.8 per cent in 1973, but it was still the second highest level since the Korea crisis of 1951, says the Bundesbank.

The West German Economics Ministry said yesterday that the rise in retail prices had averaged some 6 per cent during 1981, well above the 4.5 per cent forecast at the beginning of the year. These inflation levels have helped fuel wage demands of around 7.5 per cent in the forthcoming wage round, but the Bundesbank again warns both sides of industry to show restraint. The room for further falls in interest rates is already small, says the bank.

## Sweden's economy forecast to weaken

By William Dullforce in Stockholm

SWEDEN'S ECONOMY will weaken further next year in spite of the devaluation of the krona in September and the Government's stabilisation measures. This unexpectedly sombre forecast was issued yesterday by the Swedish Federation of Industries.

Its economists expect a larger current account deficit —SKr 17.5bn (£1.7bn) against SKr 16bn this year—and an increase of 60,000-70,000 in the number of unemployed to around 185,000 by the end of 1982.

Industrial output is expected to grow by 1.4 per cent after declining by 3 per cent this year, but the fall in industrial investment should accelerate from 9 per cent this year to 15 per cent next.

The increase in the gross national product is put at a mere 0.3 per cent compared with a 1.2 per cent decline this year.

The rise in consumer prices should be no more than 9 per cent in 1982 as a result of slower wage increases and a drop in interest rates. The Federation warns, however, that the huge deficit on the Government's budget remains a threat to any lasting reduction in the rate of inflation.

Sweden's devaluation was "entirely necessary" but should have come a year earlier, the Federation says. It expects exports to grow by 5 per cent in volume in 1982 but this would barely offset a predicted 2.1 per cent slowdown in domestic demand.

The Federation's export forecast assumes that the U.S. dollar rate will weaken only marginally from its current SKr 5.50 to an average of SKr 5.40 in 1982.

## Martens programme approved by MPs

The Belgian Parliament has given Prime Minister Wilfried Martens the go-head for his government programme, Reuter reports from Brussels. He is expected to seek emergency powers to enact it later this week. MPs voted 114-89 for the programme, which includes tax cuts for industry to boost output, wage restraint and sharp reductions in public spending.

## E. German aid pours across border

BY LESLIE COLITT IN EAST BERLIN

EAST GERMANY, which withheld aid for Poland until the military crackdown, has launched a big emergency relief programme for its eastern neighbour. Hundreds of rail cars and lorries filled with food, clothing, washing powder and medicines are being sent in what the East German Communist newspaper, Neues Deutschland, called a "stream of solidarity" with Poland.

The government trade union said yesterday it was contributing 10m marks (£2.3m) in aid to Poland. President Erich Honecker, the East German leader, sent 29 rail cars filled with essential goods to Poland where they were received by Mr Jerzy Majewski, the Mayor of Warsaw.

Millions of Marks have been donated by East Germans to a special fund to help needy Polish children. Daily deliveries of milk are being made across the Oder River border to the Polish port city of Szczecin where resistance to martial law by shipyard workers has been strong. More than 1m packages with clothing and toys have also been sent in recent days by East German schoolchildren

The relief programme is being accompanied by a massive ideological campaign to try to convince East Germans that their help is part of the struggle against the Solidarity union which is referred to as "the "counter-revolution." An East German government commentary carried by all the media said the population's presents are accompanied by the "fervent wish that the enemies of the Polish people will be beaten."

The word "solidarity" is repeatedly used to describe the assistance for Poland. An East German lorry driver back from delivering supplies to Warsaw was quoted as saying: "When our class comrades are in trouble we always come to their aid. International solidarity is anything but a slogan for us."


Despite the accompanying propoganda, most East Germans appear genuinely anxious for the opportunity to help Poland. Until a year ago, when the Oder-Neisse border was shut to private travel, there was widespread antipathy because of the millions of Polish shoppers who crossed into East Germany to buy goods unavailable in their country. East Germans began to blame shortages at home on the Poles.

The frequent strikes by Polish workers this year only reinforced a deeply rooted prejudice in East Germany that Poles were lazy. East Germans were also envious that Poles were able to travel freely to the West and enjoyed many other freedoms denied them.

Since the martial law regime was imposed, though, dislike has given way to a wave of sympathy.

## French Communist loyalties divided

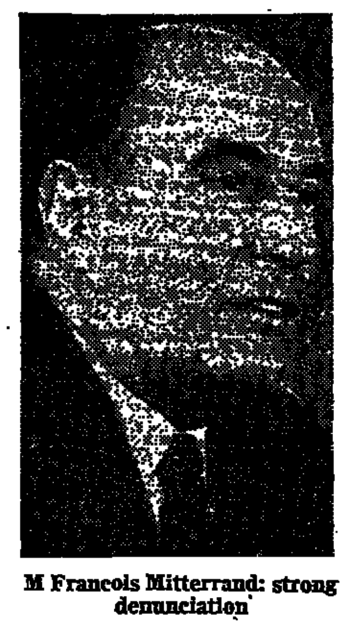
BY DAVID HOUSEGO IN PARIS

THE POLISH crisis is causing agonising divisions within the French Communist Party. Over the past 10 days it has been wrestling with the dilemma of reconciling its membership of a coalition Government that crackdown in Poland with its traditional loyalty to policy as laid down by Moscwo.

The four Communists ministers in the Government acquiesced in President Francois Mitterrand's toughly-worded denunciation last week of the repressive measures of the Polish authorities. But both the official party newspaper, L'Humanité, and M Georges Marchais, the party secretary-general, have been emphasising that the Poles must find their own solution and that outsiders should not "pour oil on the flames.

French Communist support for the Soviet line over Poland increasingly seems to be costing the party dear. The Communist-led Confederation of General Labour (CGT) yesterday was alone among French trade unions in refusing to take part in the nation-wide one-hour strike to protest at events in Poland. The strike reflects the immense sympathy in France

At least seven national federations of the CGT and 50 of its branches have denounced the union's refusal to join in appeals for the release of those arrested in Poland. At the same time, the Communist Party has also come under attack from its members.



M Francois Mitterrand: strong denunciation

Rival unions have been rubbing in the CGT's isolation. Before yesterday's symbolic strike, M Edmond Maire, the leader of the Socialist CFDT, appealed for unity and reminded the CGT that it had taken part in similar demonstations over Algeria, Vietnam and Chile.

At the same time Socialist leaders have been rebuking the Communists for the discrepancy between their attitude in government and their attitude as a party. It is clear, however, that the Communists have no wish to break with the Government on an issue in which their own viewpoint is so unpopular in the country.

More closely tied to Moscow than any other major European Communist Party, the French party had to go through similar acrobatics over the Soviet invasions of Hungary and Czechoslovakia.

Their share of the popular vote dropped from 20 per cent in 1978 to 15 per cent in 1981.

The polish crisis comes on top of other difficulties—a falling readership of L'Humanite, which has caused the paper to lay off staff; a decline in the number of militants attending party meetings; and the refusal of 1,500 militants recently to endorse the expulsion from the party of 30 dissidents led by M Henri Fiszbin. This was the largest purge of the party since the war.

Since joining the coalition, the attitude of the Communist party to it has been ambiguous. As expressed by M Georges Marchais, the party's view is that the Government has begun on the right lines but that its reforms do not go far enough. Thus the Communists have reproached the Government for toning down the wealth tax; for increasing social security charges and for being insufficiently radical over nationalisation.

On economic policy they have taken the ingeniously populist line that higher minimum wages and social allowances would reinforce the present consumer led recovery which risks petering out for lack of investment. A further round of wages increases would equally exacerbate the Government's problems with inflation.

It is these tactics that have reinforced speculation that the Communists will pull out of the coalition if the Government runs into trouble over continuingly high unemployment and disappointed expectations about livin gstandards. They would then be well placed to entrench themselves again as the largest opposition party in the country with whom any Government in power has to negotiate.

If the Communists have been vague about their long-term political goals, M Mitterrand in the past has left little doubt about his real intentions towards them. He believes that unless they can be reduced to a marginal role in French politics, a left-wing Government in France will always be subject to their pressure because of their union strength and their continuing hold over a large proportion of the electorate. A strong Communist Party also means that, in the long run, moderate opinion will always shy away from a Government of the Left out of fear that it will be marxist-run.

## Turkish PM warns over Greek policies

By Metin Munir in Ankara

THE TURKISH Prime Minister, Mr Bulen Ulusu, yesterday accused the Greek Government of lacking in "intention and will" to settle mutual problems peacefully and warned that its policies would lead to "unavoidable tension."

Referring to disputes over the Aegean continental shelf and the flight information region, he told the Turkish Consultative Assembly that Greece was "proceeding from false assumptions and prejudices."

He also criticised the plan by Mr Andreas Papandreou, the Greek Premier, to initiate a "crusade" to influence world opinion on Cyprus. "We hope that the Greek Government is not so far from reality to expect that such a 'struggle' will result in a radical change in the Cyprus problem," he said.

Mr Papandreou's accession to power has brought to the fore differences between the two countries which had been obscured by inconclusive bilateral negotiations conducted by his predecessor.

## Joergensen may try to form minority coalition

BY HILARY BARNES IN COPENHAGEN

AN ATTEMPT is likely to be made by Mr Anker Joergensen the Danish Prime Minister, to form a Social Democrat minority coalition with the Radical Party. This follows the failure late on Sunday night of his attempt to for ma Government with the formal backing of the Socialist People's Party and the Radicals.

This chances now depend on the Radical parliamentary group who will decide today whether to recommend to Queen Margrethe that the Social Democrat leader be given another opportunity to form a Government following the general election on December 8.

In that election the Social Democrats won 59 of the 179 seats in the Folketing (parliament), nine fewer than previously. The Socialist People's Party advanced from 11 to 21 seats. Recounts brought the latter's total up from 20 to 21, while the Liberals had to concede one of their 21 seats. This does not change the overall balance in the Folketing, however.

The attempt to form a Government with formal backing from the Socialist People's Party foundered on the party's extravagant economic policy demands. Its plans for increased public spending would have caused a drastic deterioration in the balance of payments deficit, according to Finance Ministry officials. They would also have led to an increase in the budget deficit (before capital transactions) which is expected to rise to about DKr 47bn (£3.4bn) next year, about 10 per cent of the gross domestic product compared to DKr 33bn this year.

The Social Democrats have been under trade union pressure to go into opposition where union leaders fell the party will be in a better position to challenge the popularity of the Socialist People's Party. But a lengthy meeting of the Social Democrat parliamentary group yesterday agreed that it should not take this step if there is still a majority in the Folketing which would prefer a Social Democrat to a non-Socialist Government.

● Mr Svend Jakobsen, the Finance Minister since 1979, will be elected Speaker of the Folketing today.

# OVERSEAS NEWS

## Big cuts ordered in South African defence contracts

BY BERNARD SIMON IN JOHANNESBURG

BIG CUTS have been ordered in many South African defence contracts. This follows a period in which purchases have reached record levels because of international arms embargoes.

The curtailment of orders is partly the result of a switch in production and procurement priorities from armaments for anti-guerrilla warfare to more conventional equipment.

A spokesman for Armscor, the state-owned weapons procurement and manufacturing agency, confirmed that the growth rate in the value of the corporation's contracts would probably be lower in real terms nexa year than in 1981. He added, however, that while one factory might have its production reduced, in another case there might be a dramatic increase.

The cuts appear mostly to take the form of postponements of deliveries, but affect a wide cross-section of South African industry, including electronics, heavy engineering and construction companies.

Mr Doug Ellis, chairman of Dorbyl, an engineering group, said there had been "some reprogramming" in his company's contracts with Armscor. A director of LTA, a leading construction and civil engineering contractor, confirmed that the company was less busy with defence work now than it had been at the end of 1980.

Industrialists refused to elaborate on the extent of the cuts, but one suppliers of electronics components said that delays in Armscor orders "are irritating, but not fatal."

Defence orders account for a substantial proportion of many companies' turnovers. Overall military spending, including salaries, operational expenditures and purchase of equipment, amounted to R1,987m (£1,071m) between April and November this year, almost 18 per cent of total Government outlays. About 600 companies are Armscor suppliers and the corporation itself owns eight large manufacturing subsidiaries.

According to Armscor, all extensions to production capacity have been completed and construction work on factories and production equipment was thus wound down to "virtually bero" during 1981.

The corporation has also stopped stockpiling items required for anti-guerrilla warfare, since inventories have reached "adequate levels." Production of small calibre weapons, ammunition, military radios and vehicles for "unconventional" operations is now limited to current requirements.

Armscor has switched its priorities to "more conventional armaments," the spokesman said. These include artillery, naval equipment and armoured vehicles. Despite indications from industrialists that orders for electronic equipment have been cut, the spokesman said that items for electronic warfare were now on the high-priority list.

Defence spending has been one of the fastest growing areas of the South African economy in recent years. Total military spending has shot up from R971m in 1976 to an estimated R2.5bn in the current financial year.

Armscor itself is one of South Africa's largest industrial companies, with assets of R1.2bn. It employs around 30,000 people and claims to be the West's tenth largest arms producer.

The United Nations' arms embargo, imposed in 1977, prompted a concerted import replacement drive for armaments and other defence-orientated equipment. The corporation's chairman said earlier this year that it had spent R628m on expansions to production facilities since the arms embargo.

*AP reports from Lisbon:* Fighting between Angolan and South African forces in November left 46 dead and 34 wounded, according to the Angolan Defence Ministry. The Ministry figures, issued in Luanda and received in Lisbon, follow Pretoria's earlier disclosure of a raid by South African forces into Angloa's Cunene and Huila provinces in the first three weeks of November.

Nine Angolan soldiers and 32 civilians were killed and another 33 people both civilian and military, were wounded, according to the Ministry in Luanda.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

## Libya gives way on oil prices

By Richard Johns, Middle East Editor

LIBYA is understood to have succumbed to pressure from other members of the Organisation of Petroleum Exporting Countries, in particular Saudi Arabia, to lower the price of its top selling oil to $37 per barrel from the beginning of 1982.

One of the companies operating in Libya confirmed that reductions would be in a range of 50 cents to $1.15 per barrel, with the premium varieties, Brega and Zuetina, being cut from $37.50 to $37. Reductions for the heavier crudes are proportionately greater. The rates for Es Sider and Sirtica have been cut from $37.28 to $36.50 while that for Sarir is to fall from $36.90 to $37.75.

Nevertheless, Libyan prices wil continue to be out of line with those of Nigeria, with an upper limit of $36.50 set by Nigeria and $37.50 by Algeria which as yet has shown no sign of giving ground

Iraq and Iran, meanwhile, are both in contact with customers in an attempt to boost significantly their war-hit exports, according to the Middle East Economic Survey.

Iraq is planing to raise its sales immediately by up to 400,000 barrels a day over the present level of about 950,000 b/d through the branch pipeline to Tripoli on Lebanon's coast which has been unused for some years but was succesfully tested last week.

Iran plans to double its exports from a rate of 1m b/d to 2m b/d. "The evidence is the Iranians are now energetically lobbying for customers," the Nicosia-based oil journal says

Pressure grows for an end to Ghana's 'economic madness'. **Mark Webster** reports

## Market mammies carry Christmas to Accra

LIKE commercial hit squads, teams of Ghanaian market women have fanned out to world capitals seeking goods for Christmas. The fleshy doyennes of Ghana's retail trade set out with their cases empty and their purses stuffed with foreign exchange bought on the flourishing black market. They are already arriving back, heavily laden, at Accra's international airport where obliging customs officers allow the goods through for a fee.

It is a reflection of the madness in Ghana's economy that the market "mammies" can buy their foreign exchange on the black market at 16 or 18 times the official rate, (at which £1 equals Cedis 5.2) take a trip to Europe and still make a profit on what they bring back. Small wonder that a bar of soap costs Cedis 10 and a tin of condensed milk Cedis 12 even though the official minimum wage is only Cedis 12 a day.

The Government of President Hilla Limann inherited an unenviable legacy of corruption and mismanagement when it came to power in 1979. But its policy of righting the economy by careful use of foreign exchange and regular exhortations to work harder and be more honest has been totally undermined by political realities and the Alice-in-Wonderland quality of the economy.

The extent to which the economy has been turned upside down is apparent throughout the capital, Accra. The State-owned supermarket offers a small Christmas tinsel decoration for Cedis 105 and bottles of "posh" gin for Cedis 143. But all basic foodstuffs have vanished. The private sector, unable to lay its hands on import licences, has turned to selling yams and cassavas on the shop shelves instead.

President Limann: promising action on economy

To judge by the teeming markets, the whole of Ghana is engaged in nothing but trade. A woman who recently returned to a market mammy with a tin of rotten sardines she had bought was greeted with hoots of derision. "What did you open them for," the mammy cried. "Why didn't you trade them like everyone else."

In the face of this creeping chaos, President Limann's Government has promised drastic action. In his sessional address to Parliament last month he said the problems facing the economy "are so acute and pressing that we are more than ever before convinced that with or without international assistance, drastic measures have to be adopted since our salvation lies in our own hands and through our own efforts, toil and sweat."

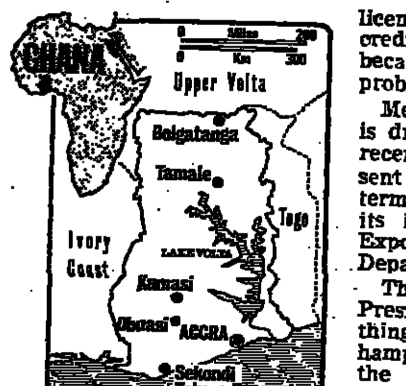
But despite his Churchillian rhetoric, the Government has been unable to implement the drastic measures it has talked about. The budget deficit has widened and the Central Bank has printed more money to cover it. the balance of paymens position is worsening, inflation has topped an annualised 100 per cent for the first time since 1978, the cocoa crop—Ghana's main foreign exchange earner—is one of the lowest since the 1950's and the cedi is sold at 80 to the pound on the black market.

The big question mark over Ghana's future is whether recent measures taken by the Government such as trebling the producer price for cocoa are a prelude to an agreement with the International Monetary Fund (IMF) or not. The IMF has been negotiating with president Limann's administration for more than 18 months but every time they appear close to agreement on terms, there is a change of heart by one or the other.

The IMF is offering Ghana a *standby facility* and compensatory finance for the shortfall in cocoa earnings which, with a World Bank structural adjustment loan, could be worth up to $450 in the first 12 months. But in return they are demanding an increase in producer prices, a realistic price for petrol and a substantial devaluation of the cedi.

The Government in Accra has already carried out the first condition and would probably be prepared to carry out the petrol price rise but is digging in its heels on devaluation.

The Fund has the backing of Ghana's Manufacturers Association, whose factories are turning over at only 10 to 30 per cent of their capacity. In a recent memo to the Ministry of Economic Planning the Association said that "only a radical readjustment of the exchange rate will be able to turn this situation round and encourage production and reports against trading and imports."




Under combined pressure from industry within and governments and agencies outside Ghana, the President is said to have diluted his hostility to devaluation.

Even President Limann's most ardent supporters agree that the economy is being allowed to drift dangerously, while the Government makes up its mind over devaluation and there is no apparent consistency in economic policy making. Last year's budget deficit reached Cedis 4.7bn—60 per cent of total spending and ahree times higher than planned.

The 1981-82 planned deficit is already put at Cedis 4.2bn even before the government has worked out how it will pay for the tripling of the cocoa producer price.

Short term debt arrears are also piling up. When the Government came into office it began to pay off all short term arrears but poor cocoa export figures this year have created a serious foreign exchange shortfall. Some $400m short term debt is outstanding and the Ministry of Trade is increasingly handing out import licences for which a letter of credit cannot be established because of foreign exchange problems.

Meanwhile, foreign assistance is dribbling into Ghana. Brazil recently made a loan, India has sent buses on generous loan terms and Britain has extended its import cover through the Exports Credits Guarantee Department.

There is immense pressure on President Limann to do something, but he has been hampered in recent months by the bitter political infighting within his ruling People's National Party. Also, a number of financial scandals involving prominent politicians have hit the newspapers.

Observers in Accra claim the President has kept most party members sweet with the judicious issue of import licences but some of the older politicans fear they are losing influence to President Limann's own technocrats.

The president's fight for his own political life has distracted him from the pressing econmic probelms, observers agree, but he can take heart from the fact no alternative candicate of any stature has emerged

Many Ghanaians fear that the gradual slide of the economy and the divisions within the political parties pose a growing threat to the survival of democracy in Ghana. Although the military is almost universally hated in Ghana for its years of mismanagement, the nostalgia for the era of Flt.-Lt. Jerry Rawlings is still strong. The brief and brutal reign of his Armed Forces Revolutionary Council probably created as many problems as it solved, but everyone remembers it now as the time when goods were at least available in the stores.

## Israeli Ministers have second thoughts

BY OUR TEL AVIV CORRESPONDENT

SEVERAL Israeli Ministers appeared to be nursing second thoughts yesterday about the denunciation buried at Washington on Sunday by Mr Menahem Begin, the Prime Minister.

Political correspondents of the Israeli media reported that they had been telephoned by some Ministers who had expressed disquiet at the strident tone of the Begin statement and the fact that it was delivered to the U.S. ambassador, Mr Samuel Lewis, before the Cabinet had been consulted.

Those named as expressing unease included the Interior Minister, Mr Yosef Burg, the Communications Minister, Mr Mordechai Zipori and Mr Yitzhak Modhai, Minister without Portfolio.

Misgivings were also expressed by the former Prime Minister, Mr Yitzhak Rabin, who said the Reagan Administration might use the Golan affair as an excuse to wriggle out of the Camp David accords.

The two-man Shinui Party in the Knesset yesterday put down a motion of no confidence in the Government. It will be debated on Wednesday but has no chance of success.

# AMERICAN NEWS

David Lascelles, in New York, on American banks' Polish exposure

## U.S. counts Warsaw debt risk

HE U.S. banking industry is r less vulnerable to whatever ocks come out of the latest isis in Poland than say, the est German banks, which ave lent Poland billions of llars. Their total exposure as the middle of this year was bn (£1.06bn), according to the mptroller of the Currency ho regulates the U.S. banking stem. But $800m (£425m) this is guaranteed in one way r another (either by the U.S., foreign government, or a corporation), meaning that U.S. anks are at risk for some 1.2bn.

Nevertheless, some banks ave large individual exposures nd, along with these, a proound concern about what is appening to Poland and its ebts. So sensitive has the crisis ecome that many banks are eluctant to discuss it, let alone reveal their exposure even bliquely.

Unusually, they do not appear o be sharing much information ith each other either. Normally group of banks grappling with mutual problem like Poland night lift the veil a little, if nly to forge a common negotiating position.

**U.S. BANK EXPOSURE TO POLAND**

| Non-guaranteed debt ($m) | |
|---|---|
| Bank of America | 125-150 |
| Citicorp | 75-100 |
| Chase Manhattan | 75-100 |
| Manufacturers Hanover | 75-100 |
| Morgan Guaranty | 75-100 |
| Continental Illinois | 25-50 |
| Chemical Bank | 60-80 |
| Bankers Trust | 25-50 |
| First Interstate | 5-15 |
| First Chicago | 50-75 |
| Security Pacific | 10-20 |
| Wells Fargo | 5-10 |

Source: Bache

Official statistics are hard to come by as well. Mr Ronald Mandle, who analyses the U.S. banking industry for Mitchell Hutchines, the Wall Street broking firm, reports that the Federal Reserve Board has calculated that the nine largest U.S. banks carry $864m of the non-guaranteed Polish exposure, or nearly three-quarters of the total. He commented: "This points to an average of just under $100m per bank, though I believe the exposure is concentrated in a few large banks and it tails off quite quickly after that."

A more detailed analysis comes from Mr George Salem, the bank stock analyst at Bache, another Wall street firm. He says U.S. exposure is spread among 63 banks, though "only a few U.S. banks have what might be termed material exposure relative to their earnings and capital." The accompanying table lists what he calls his "guesstimates, with guidance from some bank managements."

The figures show Bank of America, the second largest bank in the U.S., with the biggest exposure, closely followed by a bunched group of Citicorp, Chase Manhattan, Manufacturers Hanover, Morgan Guaranty, and Chemical Bank. The remaining banks are less exposed.

Privately, most of these banks confirmed that the figures are broadly correct, although one or two insisted they were on the high side. The point, however, is that these exposures are quite small, and certainly no reason to worry about possible bank failures should Poland renege on all its debts.

Mr Salem calculates that, on average, they represent only 3-4 per cent of shareholders' equity of each bank, with Chemical Bank, First Chicago and Manufacturers Hanover most exposed with 5 per cent each. The least exposed are Citicorp and Continental Illinois, with 2 per cent.

First Chicago, out of the four banks, willing to comment publicly on the figures, and said the 5 per cent ratio applied to its loans was "one per cent too high." A 4 per cent ratio would imply an exposure of about $47m, against the $50m-$75m estimated by Mr Salem.

Continental Illinois, the other large Chicago bank, said its exposure was "much less" than the $25m-50m in the table, but it refused to be more specific.

Mr Mandle agreed that these figures posed no danger. Even if Bank of America was forced to write off its entire Polish loan portfolio, he said, it would have little effect on the giant bank's earnings in a full year.

U.S. bank regulators are watching the Polish position closely, although so far they see no cause for alarm.

## Banks hold emergency debt talks in Zurich

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

IGHT international banks met n Zurich yesterday to assess the mplications of Poland's growng debt crisis.

The banks — Barclays and loyds from the UK, Creditanstalt-Bankverein from Austria, resdner from West Germany, wiss Bank Corp, Banque lationale de Paris from France and Bank of America and Citibank from the U.S. — were trying to define a strategy for all banks owed money by Poland now that Warsaw has said it cannot meet in full interest payments on its foreign debt this year.

The banks declined to reveal any conclusions of their closed-door meeting in an unnamed Zurich hotel. It is thought they will first communicate the results of their talks to the full 21-bank task force of international banks which has been co-ordinating debt negotiations with Poland until now.

Some 22 banks last week found themselves faced with a request from Poland for a $350m credit to finance interest payments, a request that is bound to be refused.

But some banks want to see if ways are available to help Poland meet its interest obligations so that they can go ahead and sign the proposed arrangement to defer repayment of some $2.4bn in commercial debt falling due in the last three quarters of this year.

## Levesque call to Thatcher

IONTREAL — Quebec's Premier, Mr Rene Levesque, has sked Mrs Margaret Thatcher, Britain's Prime Minister, not to pprove Canada's new constituional package, which her Govrnment is expected to propose n the British Parliament this week.

"It's a rather substantial equest, and well-founded, I hink," Mr Levesque said yesterday. But he refused to give details until Mrs Thatcher ad read his letter.

Mr Levesque was the only rovincial leader to reject an greement on constitution reforms which the nine other Premiers signed last month with Canada's Prime Minister.

Mr Levesque said the proposed changes would eat into the existing rights and powers of Quebec, the only majority French-speaking province in Canada. The Quebec Government has challenged the reforms in court.

The reforms involve asking Britain to insert a charter of rights into the constitution, an 1867 British law, and a formula for its amendment before "patriating" it to Canada.

## Poll shows Canadians split

BY VICTOR MACKIE IN OTTAWA

TWO OUT of every three Canadians believe there is enough or too much U.S. money invested in Canada, the latest Gallup poll conducted here reported yesterday.

The poll also found Canadians almost equally split on whether Canada should acquire majority control of U.S. companies

The poll, conducted last month, first asked: "...thinking about U.S. capital invested in Canada, do you think there is enough or would you like to see more invested in this country?"

Of the respondents, 67 per cent said there was enough, a slight increase over the 64 per cent in a similar poll last year.

The second question asked: "Some experts are suggesting Canada should buy back a majority control of U.S. companies in Canada. Even though it might mean a big reduction in our standard of living, would you approve of this or not?"

Canadians were split almost evenly here, with 47 per cent approving and 43 per cent disapproving. In 1980, almost 50 per cent of Canadians approved

## MacEachan backtracks on tax changes

By Jim Rusk in Ottawa

CANADA'S Finance Minister, Mr Allan MacEachan, has greatly modified the attack on tax avoidance which was a central plank of the budget he introduced on November 12.

The about-turn, announced just before the House of Commons rose for Christmas, must seriously impair his chances of succeeding to the Prime Ministership once Mr Pierre Trudeau decides to retire.

Mr MacEachan withdrew or amended nearly a third of his controversial tax changes which amounted to the most sweeping reform of the Canadian personal income tax system in a decade.

His object had been to close loopholes through which many wealthy Canadians avoided taxes. There was an immediate outcry after the budget and it became clear that the proposals would hurt many small businessmen.

Under the revised proposals many of the harsher measures will be phased in gradually. Mr MacEachan also dropped, in part, his most controversial proposal—that interest payable on money borrowed for investment purposes should be tax deductable only to the limit of the income received from that investment.

He is now proposing that interest be set off against income in the case of borrowings for the purchase of up to C$10,000 (about £4,100) in Canadian equities or for investment in small private companies.

The changes mean that the Government will forego about C$750m of the C$6bn of additional revenue which the reforms were to bring in over the next five years.

The change of plan will probably leave an indelible blot on Mr MacEachan's copybook. He is a wily politician of almost 20 years' Cabinet experience and is Deputy Prime Minister as well as Minister of Finance. Many observers believed he was the likeliest to succeed Mr Trudeau among those members of the present Cabinet whose first language is English. Mr Jean Chretien, Minister of Justice, is the front-runner among the French-Canadian possibles.

## Brazil opposition parties merge to fight Figueiredo

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S two leading opposition parties are to merge, creating a political force capable of challenging the Government's Partido Democratico Social (PDS) in the Congress and in most states.

The move is a direct response to President Joao Figueiredo's efforts to ensure the PDS's victory in the 1982 national elections by changing the voting system.

It is likely to cause much official annoyance, partly because it sidesteps Mr Figueiredo's move and partly because it reverses the military-led regime's declared efforts to develop a working multi-party democracy—the central plank of the President's "abertura" programme.

President Figueiredo met his closest military advisers yesterday to consider his response to the merger decision. One possibility may be an attempt to lure opposition dissidents into the ranks of the PDS.

Extraordinary conventions of the centrist Partido Popular (PP) and the broad church Partido Movimento Democratico Brasiliero (PMDB) on Sunday both voted in favour of the incorporation of the smaller PP within the ranks of the dominant opposition party.

The merger plan, proposed by Senator Tancredo Neves, the PP's president, was strongly opposed by some leading figures in what is widely known as the "bankers' party." The critics argued that hardliners within the military and political establishment could be provoked into more drastic measures against the party. Fears of association with the PMDB's left wing were also cited.

More than one-third of the delegates at the PP convention voted against the proposal, leaving the door open for a future move back into the arms of the Government party. Many PP politicians came out of what was then called Arena when the old two-party system was broken up two years ago. The PMDB, for its part, voted overwhelmingly in favour of the merger.

The new party, which will hold its first congress in the middle of February, now holds more than 170 seats in the 420-seat Chamber of Deputies, the lower house of Congress in Brasilia.

**Brazil's National Monetary Council, a policy-making body bringing together leading private figures and government ministers—met in Brasilia yesterday to approve the main lines of the 1982 monetary budget, Our Rio de Janeiro Correspondent reports. Apart from setting the broad lines of monetary policy, the council will agree on credit limits for the banking sector and fix a target for the public debt.**

**Fears were expressed yesterday that the debt could reach Cr 5 trillion (£21bn) in 1982 if further cuts are not made in Government spending. The main point at issue is how to reconcile the demands for cheap credit on the agricultural and export sectors, the official priority areas, with the central bank's determination to reduce government subsidies to a minimum.**

ARGENTINA'S NEW LEADER

## Galtieri faces growing unrest

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE EXPECTATIONS in Buenos Aires are that General Leopoldo Galtieri, who takes power today as the President of Argentina, will prove a forceful and ambitious head of state with conservative inclinations.

One of General Galtieri's first moves has been to give the key economic portfolio to Dr Roberto Alemann, a veteran of previous military governments, who is not regarded as a monetarist like his predecessors. Dr Alemann is one of seven civilians in the new 11-man cabinet.

Earlier this month, Gen Galtieri successfully outmanoeuvred Gen. Roberto Viola, the ailing former President, and his interim replacement, Gen. Horacio Liendo, who had taken over the presidency last month.

Unlike Gen Viola and Gen Jorge Videla, the previous president, Gen Galtieri is keeping command of the army. He will be ruling as army commander and not, as his fore-runners did, run the country as an appointee of the heads of the three armed forces.

Gen Galtieri faces growing unrest from the political parties whose activities have been curtailed since the military coup of 1976. Last week, the five major parties, including the Peronists and the Radicals, issued a joint call for immediate general elections.

The five parties said that under military rule Argentina had achieved the highest inflation rate in the world, with unemployment rising to 1.5m and a 50 per cent drop in average real income.

The inflation rate in the first 11 months of this year is put at 151.8 per cent, which compares to 87.6 per cent in the same period last year and 118.1 in the first 11 months of 1979.

In the first 10 months of the year, the treasury deficit reached 18,174bn pesos (£855m), 43.5 per cent up on the figure for the same period of 1980. The dollar is quoted on the free market at 11,300 pesos.

General Galtieri is not expected to cut military spending, which is seen as one of the principal sources of imbalance in the economy. The navy is currently ordering 10 frigates, nine submarines and five patrol boats at a cost which has not been disclosed.

One bright prospect for General Galtieri is the improvement of the country's trading position. There is expected to be a trade surplus of $1.1bn (£585m) this year against a $2.4bn (£1.27bn) deficit last year.

Argentina will also achieve a surplus on its oil account, with exports exceeding imports by an expected $110m. Last year, there was a deficit of imports over exports of $266m.

# WORLD TRADE NEWS

JAKARTA'S COUNTER-PURCHASE POLICY

## Indonesia contracts move angers foreign companies

BY RICHARD COWPER IN JAKARTA AND DAVID DODWELL IN LONDON

THE Indonesian Government decision to force overseas companies awarded government contracts to buy back an equivalent value of Indonesian goods has produced cries of protest from foreign contractors.

Many of them claim the policy, which comes into effect on January 1, is badly thought out and discriminatory.

Details of this so called "counter-purchase policy" are still emerging. But it may affect Indonesian government contracts worth up to $4.5bn a year. It is also likely to give a substantial trading advantage to Japanese companies.

"The policy was first outlined early in December, but many contractors viewed the proposed changes with scepticism. Mr Radius Prawiro, the country's Trade Minister, nevertheless insists the policy will take effect from January 1, and contractors are now taking him seriously.

Mr Prawiro estimates that Government contracts likely to be effected could amount to as much as $4.5bn a year, though some experts say the figure is nearer $2.5bn.

The policy is aimed at reversing this year's precipitous fall in non-oil exports. From $5.5bn in the financial year which ended in March, non-oil exports are expected to fall to $4.0bn this year—27 per cent lower in nominal terms, and even worse, once inflation of about 10 per cent is taken into account.

The fall has created serious concern over the balance of payments, since imports have increased at a nominal rate of 25 per cent this year.

The projected overall balance of payments deficit for the current financial year is expected to be $900m, a sahrep fall from last year's $2.7bn surplus.

The "counter-purchase policy," believed to be modelled on similar schemes in Eastern Europe, appears to be the centrepiece of a policy intended to boost non-oil exports by about $1bn a year. However, it seems that even the Indonesian Government has not yet thought through some details of the new policy.

A number of foreign companies have also complained that the policy will discriminate in favour of the Japanese, whose companies have worldwide trading networks.

One Japanese executive in Jakarta admitted: "This policy will be special benefit to us.

"With luck, we should land more contracts now, because European and American companies which are less capable of meeting the requirements will not be so keen to tender."

Foreign suppliers or contractors involved in joint ventures with either Government or privately-owned companies will not be affected.

Nor will the policy apply to contracts under $800,000, or that part of a contract financed by loans bearing preferential interest rates.

The latter is a significant exception because each year, Indonesia receives around 2bn in aid from the industrialised countries, much of which is spent on goods and services outside Indonesia.

A number of key questions still remain to be answered. The Government has said that what it calls "traditional sales" may not be used to cover a company's export obligation under the new decree.

But it is far from clear which sales are traditional and which are not.

## Australia to modify carmaker protection

By Colin Chapman in Sydney

THE AUSTRALIAN Government decided yesterday to continue sustained and substantial protection for the country's automotive industry. But it also made moves to benefit those carmakers that have rolled their production into the world car concept which involves component and parts supply from many countries.

In its long-awaited decision, the final blueprint for the car industry (due to commence in 1985), the Government foreshadows an increase in the number of imported cars up to 1992, while vehicles imported outside the quota will attract a heavy duty.

- The Government decided to maintain the current 85 per cent local content requirement under which carmakers are restricted to using 15 per cent imported parts;
- To extend the export credit scheme from 7.5 per cent to 15 per cent over a three-year period from 1985, which will substantially reduce manufacturers' costs;
- To maintain the current tariff duty on all imported cars at 57.5 per cent;
- To operate a system of quotas which will permit the entry of 105,000 cars into Australia in 1985 increasing to 133,000 by 1992.

The decision reflects a mixture of economic realism and a desire to preserve a substantial vehicle industry in Australia, which currently has five major manufacturers —General Motors, Ford, Mitsubishi, Nissan and Toyota, and a handful of assemblers, including Volvo and BL.

In a statement the Government said it accepted the broad thrust of the advice from the industrial assistance commission on the need for change.

At the same time the Government said it wanted to make change occur "in a gradual and predictable manner, reflecting the widespread agreement on the need to preserve a substantial vehicle manufacturing industry in this country."

Motor manufacturing is Australia's largest single engineering industry with production valued at A$1.3bn in 1979-80, more than 1 per of GDP.

Our Lusaka Correspondent analyses Africa's newest trade pact

## Support strong but doubts remain

A PLAN for wide-ranging trade and economic co-operation in East and Southern Africa took an important if faltering step towards fruition yesterday when nine countries signed a treaty in Lusaka to establish a Preferential Trade Area (PTA).

A similar number of states in the region either abstained or declined to attend the signing ceremony.

The PTA will take its place among a galaxy of regional economic groupings in the continent, of which the 16-member Economic Community of West African States (Ecowas) is perhaps the closest parallel.

Like Ecowas, the East African PTA is the brainchild of Prof Adebayo Adedeji, United Nations Under-Secretary-General and Executive Secretary of the UN's Economic Commission for Africa (ECA).

Like Ecowas, PTA looks likely to encompass a broad spectrum of political and economic systems not easily reconcilable, and like Ecowas, the PTA promises to be a long time getting off the ground.

Though attempts at economic co-opeartion in Africa go back to the proliferation of newly-independent states in the 1960s, the East African PTA was first mooted in a 1975 study by the ECA.

The treaty was signed by the Comoros Islands, Djibouti, Ethiopia, Kenya, Malawi, Maurituius, Somalia, Uganda and Zambia. Angola, Botswana, Lesotho, Swaziland and Zimbabwe sent delegations to the ceremonly, but did not sign, while Madagascar, Mozambique, Seychelles and Tanzania failed to attend.

Inevitably, the modest response to the signing is seen as something of a rebuff, although Senator Enos Nkala, the Zimbabwe Finance Minister, said his government intends to commit itself once it has studied the treaty, and President Kaunda of Zambia said Zaire, Rwanda and Burundi have all expressed an interest in joining.

The treaty and its 12 protocols have not yet been published. They are said by ECA officials to include specific proposals for the reduction and elimination of trade barriers, the creation of a clearing and payments mechanism, rules on transit trade, origin of goods, and other trade matters. They also contain broader provisions to increase co-operation in agriculture, industry, transport and communications.

If it succeeds, the PTA is exactly the kind of association which experts such as those at the world bank identify as the only possible solution to the continent's intractable economic problems. But these same problems make it unlikely that the PTA will succeed—at least in the short run.

Tariff and non-tariff barriers are only one factor restricting inter-African trade. Other impediments are the limited ability to produce (especially processed and semi-processed goods) at prices which compete with developed nations; to transport products quickly, efficiently and cheaply; and to pay for imports in a mutually-acceptable currency capable of financing further imported inputs.

Officials hope that replacing a host of tiny markets with a single large one, and encouraging co-operation in transport and payments, will remove those impediments and attract additional foreign investment.

It is not clear how compatible the markets are. Many potential members are now producing much the same mix of primary commodities: sugar, tea, coffee, minerals.

Only two, Kenya and Zimbabwe, have a manufacturing base at the moment capable of serious export, though Zambia might rise to the occasion.

Other states may have less to gain. Botswana, Lesotho and Swaziland, members of the South African Customs Union, to which South Africa makes payment (recently raised) in customs revenues, unofficially say that they do not intend to sign the PTA treaty, despite the existence of a protocol specifically recognising their unique status.

The PTA may run into conflicts of political, as well as economic loyalties. Half its designates (including Botswana, Lesotho and Swaziland) are also members of the Southern ordination Conference (SADCC). SADCC's members share a specific and unifying interest—reducing economic dependence on South Africa—which ECA officials are reluctant to espouse for the PTA.

## Two Plessey companies win Lisbon order

By Our World Trade Staff

TWO PLESSEY companies have been awarded a £1.7m contract by Central Automatica Electrica Portuguesa to provide control equipment to extend the capability of the Lisbon transit telephone exchange.

The effect of the contract will be to extend the capability of the exchange by 40 per cent. The two companies are Plessey Telecommunications of Nottingham and Plessey Telecommunications Research of Poole.

- ICL, the British computer company, has won a £1m contract to supply five ME29 computers, with the appropriate software, to Portugal Social Security.

The systems are the first phase in a plan to computerise social security operations through 22 regional centres in Portugal.

## Spanish tourism rises but revenues decline by 5%

BY ROBERT GRAHAM IN MADRID

SPAIN IS expected to have taken in almost 5 per cent more visitors this year but foreign exchange earnings from tourism are liable to be down by almost the same amount. These are the conclusions drawn from the latest figures through to November published by the tourist authorities.

A total of 7.8m persons visited Spain in the first 11 months visited Spain in the first 11 months against 35.8m in the same period of 1980. Tourist recepits through to the end of October were equivalent to $5.7bn down 5.7 per cent on the first 10 months of 1980. Ministry cate that tourist receipts for the year will be around $6.5bn gainst $6.9bn.

However, the balance on receipts will be the same if not marginally better than in 1980 since fewer Spaniards have travelled abroad. Tourism payments by Spaniards in the first ten months totalled $845m, down 19.3 per cent. This is consistent with a 21 per cent decline in the number of Spaniards going abroad. Through to November the total was 13.3 against 17m

Throughout the year the flow of tourists has fluctuated sharply. For instance in the first three months of the year there was an important drop. Indeed it was only in July that the inflow picked up again, to stabilise in August before the late summer and autumn registered a significant new influx.

The explanation for this, at least in part, is the decline in the value of the peseta which has made Spain once again highly competitive.

## Japan to cut Scotch duty 10%

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN will cut its import duty on scotch whisky by an average of 10.4 per cent from next April, assuming the necessary legislation is passed by the Diet, the Japanese Parliament.

A reduction was foreshadowed earlier this month as part of a general order by Prime Minister Zenko Suzuki, which called for an easing of tariffs on a total of 1500 import items, but the full degree of the reduction on scotch, of particular interest to Britain and a subject of intense UK lobbying in Toyko, was not known until yesterday.

The reduction will still leave scotch paying a substantially heavier duty than bourbon and will make possible no more than a marginal reduction in the price of whisky to the consumer. It nevertheless, represents a partial victory for the British Government's long campaign to reduce the bias against scotch in the Japanese liquor tax structure.

Under the new tariff formula, which was approved yesterday by a Finance Ministry advisory council, scotch will be taxed at a rate of Y332 per litre (80 pence) or 36 per cent of landed value whichever is the lower. There will, however, be a "floor" level of Y229 per litre, which means that the cheapest standard scotch whiskies will still be paying more than 36 per cent of landed value.

The complicated new formula replaces the old system of taxing all scotch whisky at a flat rate of P343 per litre (equivalent to more than 50 per cent of the cif value of some standard whiskies). American bourbon whisky is taxed at a rate of 24.5 per cent of landed value and thus continues to be treated more leniently than scotch.

The Finance Ministry estimates the average tariff reduction resulting from the new sliding-scale formula at around 10.4 per cent. It so happens that this corresponds to the average of tariff reductions on some 1,500 items which will benefit from a plan to accelerate by two years Japan's tariff cutting obligations under the Tokyo Round of GATT negotions. Whisky was not covered by the Tokyo Round negotiations but has been included in the programme as a "gesture" towards the UK.

The fact that the whisky tariff is being cut no more and no less than the tariffs on 1,500 Tokyo Round items means that scotch is being treated "fairly" according to Finance Ministry officials.

Japan's "fairness" towards scotch contrasts with a refusal to cut the import tariff on brandy, despite repeated requests from the French Government. Ministry of Finance officials said yesterday that the French demand had been rejected because imported brandy already occupies a strong position in the Japanese market (accounting for 40 per cent of total sales, against a 10 per cent market share for imported whisky).

They also claimed that the brandy tariff, although high in absolute terms, appears modest if re-calculated as a percentage of landed value.

## Toyota to export 15,000 cars to Iraq

TOKYO—Toyota Motor Sales Co. is to export a total of 15,000 2,800 cc Crown cars to Iraq through Sumitomo Corp., it said yesterday.

The company, the sales arm for Toyota Motor Co., said the contract concluded with the Iraq State Organisation of Imports (ISOI) called for shipment to be completed by July or August next year.

An official declined to disclose the contract value but said Iraq is also planning to buy from abroad between 45,000 and 50,000 cars and commercial vehicles through an international tender in the near future.

Japan last year shipped 85,800 vehicles to Iraq, nearly double the 44,800 in 1979, of which nearly 70 per cent were supplied by Toyota, the company said.

Exports in the first 10 months of this year stood at 48,100, with more than 90 per cent from Toyota.

Reuter.

# Kuwaitis to fund £35m project at Swindon

By Lorne Barling

A MAJOR industrial development project at Swindon, Wiltshire, which will cost between £35m and £40m, is being funded by the Kuwait Investment Office through St Martin's Property Corporation, its British property subsidiary.

St Martin's recently bought 80 acres of farm land near the M4 at Swindon, which will be developed by the company as a site for high technology industry. It will directly create at least 2,000 jobs in the area and about 1,500 indirectly.

Mr Malcolm Savage, chief surveyor for St Martin's, said: "We have a lot of confidence in the UK property market, particularly in the best locations. We believe this to be an extremely good position which could be fully developed within five years."

He said the company was involved in a number of other major projects, including a £30m office development at Croydon, and was promoting the Hayes Wharf scheme in London, which was subject to Government approval.

At Swindon about 1m sq ft of industrial space is planned. The development site is expected to provide strong competition for a smiliar high technology centre, Aztec West, near Bristol.

Mr Douglas Smith, Swindon's industrial adviser, said: "We are continuing our policy of rapid development with the help of private sector money, and will offer the same kind of facilities as Aztec, but 40 miles nearer to London."

Work on the site will begin in the spring and the first factories are likely to be occupied in early 1983. Facilities will all be purpose-built for incoming companies covering light industry, distribution and office use.

It is understood the Kuwaiti investment follows hesitance on the part of UK institutional investors to become involved in a project which they believed would take some time to provide good returns.

Mr St. John Hartnell, of sole agents Hartnell Taylor Cook, said clients would be encouraged to build "campus-style" premises popular in science parks in the U.S. Only about 30 per cent of the available land would be covered by buildings, with the rest being landscaped.

# Lloyd's immunity supported by Counsel's opinion

BY JOHN MOORE

LLOYD'S of London is attempting to head off further political opposition to its Bill of Parliament for improving self regulation in its insurance market.

A group of Conservative MPs who object to Lloyd's seeking legal immunity for its ruling council have been sent a legal opinion arguing the case in favour.

The clause would protect a new ruling council, to be created by Lloyd's Bill, from legal suits for damages by any of its 20,000 members. It is one of the most controversial and political sensitive issues in the Lloyd's programme of legislation.

Some Conservative MPs are worried about the political implications of a City institution seeking an immunity at a time when trades union immunities are being curbed.

In the legal opinion, Mr Richard Southwell QC and Mr Nicholas Phillips QC give three main reasons for supporting immunity.

The right of individual members to sue the society for damages they say, will:

● Consume the officers' and employees time and energy which should otherwise be directed to the management of Lloyd's affairs;

● Inhibit individuals from agreeing to serve Lloyd's as council members or otherwise, or may inhibit them, when serving, from taking positive action that might be necessary.

● Damage the reputation of Lloyd's whether claims succeed or fail.

The opinion stresses: "Trade unions have long enjoyed wide immunities from suit. Proposed legislation will restrict these only to a limited extent."

# Alternative proposed to divestment clause

BY JOHN MOORE

AN ALTERNATIVE plan to the compulsory sale of Lloyd's of London insurance brokers' shareholding links with underwriting groups in the market was revealed yesterday.

Mr Henry Rokeby-Johnson, a senior underwriter with R. W. Sturge, an independent underwriting agency, detailed a personal initiative before a House of Commons committee chaired by Mr Michael Meacher, MP.

The Meacher committee has insisted that Lloyd's includes a clause in its Bill of Parliament for improving the market's self regulation. The clause calls for brokers to terminate their shareholding links with the companies which run underwriting syndicates.

Mr Rokeby-Johnson said that his scheme for removing the conflicts of interest short of full sale of the shareholding links would be as follows:

● No person or persons connected by blood or marriage to own more than 20 per cent of a managing underwriting agency;

● Shares may not be owned by trusts or nominees;

● All shareholds to be approved by the committee of Lloyd's each year;

● No cross-directorships by the broking company other than the chairman or finance director.

Mr Robert Corroon, chairman of Corroon and Black, the fifth largest broker in the U.S., also gave evidence

He claimed that Lloyd's had appeared to "influence" the more than 13,000 members of the market when they voted in favour of the divestment proposal. He said that, in his view, divestment would be "the first step in taking the competitive edge off Lloyd's"

Sir John Biggs-Davison, a member of the Commons committee, asked Mr Corroon in what way underwriters could be influenced by brokers other than through the ownership by large broking groups. Mr Corroon said that is ranged from "personal charm" to "rather sophisticated entertainment." He instanced stays in hunting lodges and weekends in Las Vegas.

# Denning upholds contempt ruling

FINANCIAL TIMES REPORTER

CLAIMS THAT the new Contempt of Court Act is a threat to Press freedom were rejected by Lord Denning in the Court of Appeal yesterday.

He said the 1981 Act "is not a statute for restricting Press freedom." It was an Act for removing uncertainties over what editors could report and whether they would be in contempt of court.

The court dismissed an appeal by Mr Ian Farquharson, a journalist, and the National Union of Journalists against a High Court ruling last month that magistrates in Horsham, West Sussex, had not exceeded their powers in banning all further Press reports of committal proceedings against four men, charged with illegally exporting firearms, pending any Crown Court trial.

The magistrates had imposed the ban under section 4 (2) of the new Act.

The High Court had decided that, although the reporting ban was too wide and its scope should be reconsidered by the magistrates, it was within their jurisdiction to make such an order.

That ruling was confirmed unanimously yesterday by Lord Denning, Lord Justice Shaw and Lord Justice Ackner.

But the case, the first legal challenge to the new Act, may go to the House of Lords for a final ruling. Mr Farquharson and the NUJ were given leave to appeal to the Lords.

Lord Denning said that during committal proceedings before the magistrates one of the defendants asked for reporting restrictions to be lifted. But at a later hearing, all four defendants successfully asked for a ban on further press reports.

After yesterday's judgment, the judges made an order, pending the next hearing before Horsham Magistrates, banning any report referring to what was said to be sensitive material about the charges against the four men.

# British Airways faces 'tough year'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS faces another tough year in 1982, according to Mr Roy Watts, deputy chairman and chief executive.

He told staff in an end-year message that although there had been a "very slight improvement" in business over recent weeks, "over the year as a whole, we shall still be far short of our revenue target.

"Our economic forecasts give little cause for optimism. Our operating plans for 1982-83, which are now being completed, assume no growth in our British business, although the revenue we earn overseas may show a slight upturn. It is a realistic, if unpopular, assessment."

Mr Watts claimed that the quality of BA service was good, and getting better.

A recent survey of BA's Super Club service on the London-New York route showed that "half the passengers rated us better than our competitors. A further quarter thought we were as good as our rivals."

"We are also getting very encouraging news about the way our new Club Class is developing in Europe."

Regarding the airline's scheme to reduce staff by about 9,000 by June next year, Mr Watts said this was "absolutely essential to our survival, and is already producing real benefits in reduced costs."

# Camrex sales director suspended on full pay

BY REGINALD VAUGHAN

CAMREX (HOLDINGS), the Sunderland-based specialised coating manufacturer and corrosion engineer, has suspended on full pay Mr Alan Miller, its sales director, following police investigations into alleged irregularities.

Mr Ian Bolton, Camrex finance director, said yesterday that the decision to suspend Mr Miller was taken to protect him. He has a good name. No charges have been made against him—only allegations.

Camrex yesterday said that the "alleged irregularities" involve employees over a period ending in 1979. "It is possible that charges will be brought in the New Year against existing and former employees of the Camrex group."

The group is carrying out its own investigation. Mr Bolton said he hoped it would clear up the issue. Camrex said "there is no suggestion that any irregularities have taken place during the past two years."

Camrex has been the scene of two major boardroom rows in the last three years. In October 1978 a split culminated in the resignation of Mr Alex G. Cameron and his son, Mr A. W. R. Cameron from the board. Mr J. A. Witter, then chief executive, cited "disagreement about reorganisation of Camrex and the way the company should go" as the fundamental difference.

In March 1980 Mr Witter resigned from the board together with Mr Peter Dillon, finance director. Their departure was said to be related to differences of emphasis on the contracting side of the business.

In June, Mr Alex Cameron led a group of shareholders who voted unsuccessfully against the re-election of Mr Roger Wake, chairman, as a director. Mr Cameron said that Mr Wake "had lost credibility" and should resign and also called for a public inquiry into the affairs of the company. Mr Wake resigned as chairman in in August 1980.

# Builders expect upturn in house sales

By William Cochrane

BUILDERS are expecting an upturn in house sales sometime in 1982, according to a survey published today by the Royal Institute of Chartered Surveyors (RICS).

This is made, however, against the background of a continuing downtrend in house prices in England and Wales.

The RICS bases its prognosis on the amount of land bought by builders.

In the meantime, nearly two-fifths of the estate agents taking part in the latest RICS housing market questionaire for the quarter ending November 1981 — slightly more than in the October quarter — have reported lower prices.

Mr John Thomas, the institution's authority on house prices, said: "Most types of house, old and new, terraced and detached, now sell at prices which are lower than a month ago. Agents differ on the amount; in some cases, the drop is negligible but, in others, it is as much as 10 per cent over three months which, if projected on an annual basis, would give a staggering 40 per cent decline."

# RNLI's tradition overcomes tragedy

## Anthony Moreton reports on the blend of old and new in Britain's lifeboat service

THIS MORNING the 52 ft St Cybi lifeboat, will leave Anglesey in North Wales for Newlyn to replace temporarily the Solomon Browne that capsized at the weekend with the loss of all eight crew.

The St Cybi is sailing to Cornwall at the request of the people of Mousehole, the fishing village where the eight who died came from.

Such action is the tradition of Britain's seaside towns and villages whose people crew the lifeboats. When the Fraserburgh lifeboat was lost with several deaths in the 1950s there was immediately a queue of volunteers to man another boat.

By a massive stroke of fate a second Fraserburgh boat was lost in 1970 with five of the six crew perishing. After that the Royal National Life-Boat Institution decided initially not to replace the boat in the North-east Scottish fishing town.

However, the tradition of service to boats is exceptionally strong, and there is another boat operating from Fraserburgh today.

Fraserburgh and Penlee—the official name for the Mousehole boat—have to be put in perspective. In the 11 years between the two disasters only one man has been lost from a boat.

Considering the seas these boats go out in and the number of times they are called out—seven times a day on average around Britain; they rescued 1,191 people last year—this is an amazing record.

It stems not just from the number of lifeboats—258 active stations including a few in the Irish republic, where the title "royal" is still retained—but also from the long lead this country has in lifeboat design.

The usual impression of a lifeboat being launched down a slipway in the teeth of a howling gale is well off the mark. Some still are, but 120 lifeboats—almost half the country's fleet—are rubber dinghys powered by an outboard motor.

These probably have a crew of four compared with the larger boat's seven. There were eight on the Mousehole boat because the cox took an extra hand in the difficult seas.

The idea of a rescue boat based on the rubber dinghy originated with Rear Admiral Desmond Hall, head of Atlantic College, South Wales, in the 1950s. But the French also made a considerable contribution.

The first inflatable went into service at Aberystwyth in 1963. Their popularity has grown enormously since then.

Admiral Hall was greatly helped in his work by Mr David Stogdon, the RNLI's superintendent Isle of Wight, who next week retires after a lifetime with the service.

Mr Stogdon, who conducted his initial trials on rubber inflatables in Jersey with the help of the RAF, found they were easily launched, fast, and despite popular misconceptions, "enormously buoyant."

When a rubber boat fills with water, he says, "it is, surprisingly, even safer than when empty because it goes deeper in the water and the buoyancy supports it.

"But there is a limit to its effective size and so we came up with the idea of putting a rubber boat on a rigid structure. The rigid base is really only a large surfboard and it gives us a much bigger boat with great safety."

This new boat, the Medina class, will eventually replace all the larger conventional boats. It is fast—25 knots compared with the traditional boat's 8—and only needs a crew of four. Mr Stogdon has already carried 84 people on it in one test.

The Medina is, of course, expensive, perhaps more than £250,000 compared with a rubber boat's £18,000 to £19,000.

Last year, the RNLI raised £11.88m against an outlay of £11.51m, of which £2.37m was the capital cost of building and modernising boats.

This year it has budgeted to spend £14m and expects to have raised that amount.

The largest single source of money is not the dances, bottles on pub bars, sponsored walks or membership subscriptions, but legacies. About £6.49m was left to it in this way compared with the £4.46m it raised through flag days and dances.

The irony of a disaster, of course, is that it brings income in. Mouseole will certainly stimulate people's giving and the RNLI, which is near the top of the league of organisations raising money from the public, certainly needs all it can get.

● Donations to the Penlee Lifeboat Disaster Fund can be paid in to any branch of Barclays Bank.

# Liquidator loses petrochemical court fight

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THREE COMPANIES which established a joint venture for worldwide trading in petrochemicals have defeated an attempt to sue them for £75m in the English courts.

The liquidator of the joint venture company Multinational Gas & Petrochemical, which was wound up in 1977, alleged that the liability for its failure and massive losses rested on those who established it.

They were Philtankers, a wholly-owned Liberian subsidiary of Phillips Petroleum, Societe Anonyme De Gerance Et D'Armement (Saga), a French company and Bridgestone Liquefied Gas, one of the largest Japanese distributors of liquefield petroleum gas.

In the High Court yesterday, Mr Justice Peter Gibson granted an application by Phillips, Philtankers, Saga and Bridgestone that an order giving the liquidator leave to serve the proceedings on them out of the jurisdiction should be discharged.

He said that the wrongs alleged against the joint venturers by the liquidator had occurred out of the jurisdiction; the joint venturers had not been properly joined as defendents to the claim; and the liquidator's action was bound to fail because Multinational had known of the risks involved in decisions taken on its behalf.

Philtankers and Saga each held 40 per cent of Multinational's shares. Bridgestone held 20 per cent. Each of the joint venturers nominated directors of Multinational whose object was the worldwide purchase, sale and transportation of liquefied petroleum gas, anhydrous ammonia and hydrocarbons.

Multinational's agent was an English company, now also in liquidation, Multinational Gas and Petrochemical Services incorporated by Bridgestone, a Swiss corporation controlled by Saga, and another company in the Phillips group.

The judge said that the liquidator claimed damages for massive losses resulting from five decisions by those controlling Multinational's affairs, for the acquisition of tankers and other vessels. Multinational had been forced into liquidation because it had been unable to meet those losses.

It was impossible to conclude that that cause of action arose within the UK jurisdiction, said the judge, because all the decisions complained of had been taken in other countries. The fact that Multinational's day-to-day business had been run by Services in London did not make it a case for the English courts.

It was clear that the predominant reason for the liquidator's decision to make Services a defendant to his claim was not because he expected to be able to get anything from Services—it had merely been to enable the foreign defendants to be joined under the English court rules.

The judge had great sympathy with an English liquidator who wished to sue in the English courts; but his action had very little to do with the UK and it would not be right to compel foreign defendants to fight the case in the UK courts.

# Government urged to intervene in port dispute

By Brian Groom

PRESSURE is growing for the Government to intervene in the industrial problems of the Port of Southampton—which has suffered nine months of disputes.

Mr Richard Mitchell, the city's Social Democratic MP, tomorrow will ask the Government in the Commons to establish an independent inquiry into the trouble.

He believes that the complicated, 13-week-old cargo checkers dispute—which followed a 16-week dockers' pay dispute—has become too difficult for normal conciliation procedures to solve.

Manchester Chamber of Commerce has also asked the Government to step in. It said the disruption has seriously damaged Britain's international trade, and that the markets most affected are those in the Far East and South Africa.

The checkers' dispute is set to continue into next year after the failure last week of talks aimed at ending it. Cargo-handling is at one-third of capacity because the checkers are working a one-shift only, five-day week.

# Paisley ban welcomed by O'Neill

By David Buchan in Washington

Mr Tip O'Neill, speaker of the House of Representatives, and other prominent Irish-Americans, yesterday welcomed the State Department move to invalidate the visa of the Rev Ian Paisley, the Ulster Protestant leader. He was planning to make a visit to the U.S. soon.

The decision was roundly condemned by supporters of Mr Paisley who accused the U.S. authorities of "cant and hypocrisy."

The State Department took its action under pressure from Capitol Hill where more than 100 House members had signed a letter urging that the visa which Mr Paisley had obtained under the Carter Administration be withdrawn.

Mr O'Neill said the State Department action was correct in the light of Mr Paisley's recent suspension from Westminster, his establishment of a paramilitary "third force" and his appeals "to religious hatred and bigotry."

The Reagan Administration has kept an extremely low profile on the Ulster issue, and up to now simply followed policies already set by the Carter Administration, including a ban on the sale of handguns from the U.S. to the Royal Ulster Constabulary.

Our Belfast Correspondent writes:

MR PAISLEY was to lead a Unionist delegation to the U.S. next month in an effort to counter pro-Republican propagandad.

The organisers of "Operation USA" said last night: "The denial of free speech involved in the visa cancellation by a nation which boasts of its beliefs of freedom of expression exposes the cant and hypocrisy which lies behind that supposed belief."

They said the treatment given to Mr Paisley as a member of the House of Commons and of the European Parliament contrasted sharply with the freedom with which Irish American supporters of the IRA could come and go without hindrance.

# Prior pledge on Ulster spending

BY OUR BELFAST CORRESPONDENT

MR JAMES PRIOR, the Northern Ireland Secretary, yesterday promised a detailed statement on public spending plans for the province early in the new year.

Three Westminster MPs and two members of the European Parliament from the province spent five hours with Mr Prior his junior ministers and officials. They said they were largely satisfied with the exchange of views.

Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour Party, said there was a high degree of unanimity between the politicians.

He said: "Mr Prior said he would make a major statement on public expenditure in January and I was encouraged by his views about dealing with the grim economic problems."

The MPs stressed their concern about high unemployment and the rate of economic decline. They argued for increased public spending, particularly on housing to boost the severely depressed construction sector.

Seven MPs from the Democratic Unionists and official Unionist parties boycotted the talks, largely because they feared they might be drawn closer to the Government's dialogue with the Irish Republic.

One of the Government's job creation bodies—the Northern Ireland Development Agency—yesterday disclosed that its deficit rose from £157,000 to £8.4m in the year to March 31.

The agency said £5.7m of the deficit represented a provision for future losses. This was a prudent accounting measure for a venture capital organisation involved in many start-ups.

Mr Dennis Faulkner, the chairman, said the agency invested almost £12m on 28 companies and projects during the year, of which 12 were new investments.

The agency will disappear in its present form next year when it is merged with the Northern Ireland Department of Commerce, to form a new industrial development board.

Mr Faulkner said the basic format of the board had been agreed and a chief executive would be appointed shortly. The board, while it would be within Government, would need to evolve as a highly-independent business organisation if it was to make the most of a great opportunity, he said.

# Rank wins shares exclusion battle

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE RANK Organisation did not unfairly discriminate against the North American shareholders who own about 45 per cent of its issued capital by excluding them from an offer of 20m new shares, a High Courat judge held yesterday.

Rank's directors decided on the exclusion only to avoid legal requirements that they reasonably considered it would be disadvantageous for Rank to comply with, said Mr Justice Goulding.

It was not Rank's fault that its North American shareholders were nationals or residents of countries whose laws imposed onerous obligations, he said.

He dismissed with costs a claim by Mutual Life Insurance Company of New York, and 80 other U.S. investors, against Rank, Morgan Guaranty Trust Company of New York, and Morgan's nominee company, Guaranty Nominees.

The investors own Rank shares through a system established by Morgan, which enables U.S. investors to invest in foreign companies and avoid complications in connection with dividends and the disposal of shares.

The shares are registered in Guaranty's name, Morgan issuing American depository receipts as evidence of the investors' beneficial title to the shares.

In 1975, Rank offered 10m new "A" Ordinary shares to the public, preference being given to British shareholders, and 10m to British shareholders.

The U.S. investors claimed the right to sue Rank for damages over their exclusion from the offer. Their claim was based on an alleged breach by Rank of its membership contract with Guaranty, contained in Rank's memorandum and articles of association.

The judge said that it was perfectly clear that the exclusion, on the advice of N. M. Rothschild and Son, the bank handling the offer, had been to avoid the requirements of registration with the Securities Exchange Commission in the U.S., and with comparable commissions in Canada, which Rank's directors genuinely believed would not be in Rank's interests.

The investors contended that all members of a class of shareholders had a right to equal treatment and that that right was broken if the company gave some shareholders, but not others, an advantage.

The judge said that a company's directors were required to exercise their powers in good faith in the interests of the company, and fairly as between different shareholders.

It was abundantly clear that Rank's directors had satisfied those requirements in relation to the offer.

Equality of shareholders' rights did not always require identity of treatment. Rank's North American shareholders were fairly treated notwithstanding their exclusion, which did not in any way affect their shares or rights.

It was not unfair to the North American investors for Rank to raise capital in the way advised, which the directors believed was most advantageous for maintaining its investment programme which, if successful, would give a prospect of continuing benefits to all shareholders

# Council house sale appeal next month

AN APPEAL by Norwich City Council against last week's High Court ruling that Mr Michael Heseltine, the Environment Secretary, can go ahead with taking over the sale of the city's council houses will be heard by three Appeal Court judges on January 20 and 21.

Lord Denning, sitting with Lord Justice Shaw and Lord Justice Askner in the Appeal Court, granted an application by the Labour controlled council, supported by the Minister, that the appeal should be heard as soon as possible.

Last Friday Lord Justice Donaldson and Mr Justice Robert Goff, sitting in the Queen's Bench Divisional Court, rejected the city council's claim that Mr Heseltine had acted unreasonably and unlawfully in taking over council house sales following complaints of delay from tenants wanting to buy.

# Olsen to retain four companies

THE Norwegian-based Fred Olsen group has decided to retain control of four Scottish-based oil-related companies after previously announcing plans to sell them.

The companies are: Aker Offshore Contracting, a design and project management company based in Aberdeen; Stodford Offshore Services of Aberdeen, which supplies manpower for the North Sea oil industry; Lewis Offshore, a fabrication yard at Stornoway; and Norscot Oil Services of Lerwick, in the Shetlands, which operates a large supply base.

# Clay admission

Mr David Mellor, Under-secretary of State at the Energy Department has admitted to the National Federation of Clay Industries that figures in a departmental paper criticising the organisation's conservation efforts might have been open to misinterpretation.

He said in a letter to the federation that the paper could have given more details of the sector's constructive approach to conservation.

The paper, presented to the National Economic Development Council in April, asserted that much of British industry was less energy efficient than overseas competitors. The federation replied that the information i nits sector was based largely on out of date information.

# Retail price index

IN SATURDAY'S Financial Times the November Retail Price Index was incorrectly said to be 306.5. The correct figure was 306.9. The rate of 12 per cent for year on year inflation to November 1981 was correct.

# Talks may end shipyard deadlock

BY JOHN LLOYD, LABOUR CORRESPONDENT

HOPES of a breakthrough in the deadlock between British Shipbuilders and the shipbuilding unions, which has led to a breaking off by the unions of all contact at national level, rose last night.

The shipyard at the centre of the dispute, the Robb Caledon yard in Dundee, is now likely to be taken over by the neighbouring company, Kestrel Marine, which has been negotiating to acquire the Caledon yard to expand its oil platform construction activities.

This follows an agreement reached yesterday between Kestrel and the Dundee Ports Authority on the use of the land surroundng the Caledon site. Earlier, the authority had insisted on access to a jetty which Kestrel had said it would also need.

Mr James Murray, the chairman of the shipbuilding negotiating committee of the Confederation of Shipbuilding and Engineering Unions and general secretary of the Boilermakers Society, said last night he would meet the management of Kestrel in London tomorrow for talks on the future of the 120 Robb Caledon workers who have occupied the yard since August.

BS said that it would not negotiate on the future of the Caledon yard until the occupation ended. It said that the offer to transfer the yard to Kestrel Marine would be withdrawn if the workers did not end their occupation by the end of the year.

The BS ultimatum now puts spressure on the shipbuilding unions to persuade the Caledon workers to accept the terms offered by Kestrel. In previous talks involving Kestrel and the unions, the company had refused to give guarantees to take on all of the workforce—though the numbers remaining in occupation have now gone down.

The Confederation last week broke off national level contacts with BS, in part because the corporation refused to reconsider its policy of declaring the remaining Caledon workers redundant—the first time compulsory redundancies had been publicly declared in more than two years, during which the BS workforce went down by 20,000.

The unions also claimed that BS management had neglected to consult them on a range of issues, and that they were being used as an arm of the corporation to push through cuts in the yards.

At the same time, the unions have been reluctant to use the weapon of an embargo on national agreements, because of the benefits they gained from them in equalising rates. However, a number of unions, especially those organising craft workers, believed that yard by yard bargaining could secure them higher rates than those available under national bargaining, where all grades of workers received roughly the same rises.

Around Britain: Anthony Moreton on West Yorkshire

# Breathing life into old mills

DRIVING from Bradford to Keighley, through Shipley and Bingley, it is impossible not to notice the gaunt, old textile mills which dominate the industrial landscape. Chimneys soar above buildings which are sometimes nine storeys high.

The road out of Bradford holds no monopoly of these largely empty buildings. They can also be seen in Dewsbury, Huddersfield and Halifax, and even in the rural valleys of Calder or Aaire, which comprise West Yorkshire.

Architectually, they are a monument to the Victorians who put them up and ran them. But today they pose one of the most serious problems in the attempts now being made to attract industry to rejuvenate the county's townships.

The buildings are inappropriate to modern needs. This stems from a number of factors, one of the most important being size. The largest of them, Lister's in Bradford on the road to Keighley (which still has manufacturing on part of the site) covers 1m square feet and is as big as BL's now defunct motor plant at Speke on Merseyside. Many of the others cover more than 100,000 square feet.

Other constraints include: floor areas bisected by cast-iron pillars: north-light sheds which almost invariably have leaking roofs; floors with low load bearing factors; *little parking space*; and difficult access to upper floors.

Given these drawbacks it might be thought the sensible course would be to pull them down and develop on the released sites. Sometimes this is impossible because the buildings are architecturally listed. Where they are not site development costs *frequently* exceed the market value of the land.

The result is that it is extremely difficult to convert these buildings into the sort of premises for which there is a *growing demand—small units* with facilities for expansion.

Yet if the economy of West Yorkshire is not to sink further, something needs to be done about them because they, literally, present a brick wall to progress.

The importance of taking some action can be seen from almost any economic signpost. One worker in *every 10 has* lost his or her job in the country in the past three or four years. Approximately 100,000 are out of work. There is also a certain amount of hidden unemployment because the textile industries have traditionally employed a high proportion of women, many of whom have not registered as jobless when sacked.

This job loss has been accelarating. In the 12 months to June 1979 about 8,000 were made redundant. In the following 12 months the figure was *up to 21,000. In the year to June* 1981 it was 58,000.

To combat this depression, four of the five local authorities in the country — Bradford, Leeds, calderdale and Kirkdlees —have banded together to form Yortag: the Yorkshire Textile Area Group.

The formation of Yortag led to criticism in some parts of *the county because there was* already one body—Wooltac, the Woollen Textile Action Committee—formed by the employers, the unions and the county council. But Yortag was set up *specifically* to assist in rebuilding the area whereas Wooltac was constituted to defend the woollen industry. The interests of the two are not incompatible, but neither do they altogether overlap.

The distinction is important because what Yortag is seeking is to find areas that might be developed for potential new *industries which would not* necessarily have to be in the textile industry.

One solution—to unlock disused land—would be achieved it believes, if the Government was to adopt a more sympathetic approach to derelict land clearance. If the definition of "derelict land was widened, grants could be made available *for the demolition of mills.* Yortag suggests that where a building has been empty for two years, or is deemed not to be lettable, it might qualify for a demolition grant.

It also advocates that tax allowances should be raised to 100 per cent for the conversion and sub-division of vacant mills and factories in the textile area, relaxing the existing restriction of 2,500 sq ft for units being created.

Such changes in legislation will not solve the problems of West Yorkshire overnight. In Calderdale, for instance, the smallest of the four districts, there are over 1m sq ft of vacant floor space. Of this, 400,000 sq ft has been empty for more than two years—the point at which it becomes difficult if not impossible to let because of deterioration.

It is possible, though, even in present circumstances, to get *tenants for some of the mills.* Salts, part of the Illingworth Morris Group and a marvellous example of the best form of benevolent Victorian industrialisation, has managed through co-operation with *Bradford* Microfirms to partition off part of the mill at Shipley. It has also attracted a number of small companies, such as one making pizzas.

The company, the largest woollen concern in Britain, has been searching for what it calls "straightforward tenants." It has found some. But it has a *lot of space available and* was only too happy to let Bradford Microfirms lease a sizeable sector of its plant.

J. Lister has not been so fortunate. Its giant building—26 acres of floor space, five acres of glass, two of the plants known locally as the QE1 and QE2—are proving difficult to place because of their myriad staircases and passages, *all on different* levels.

A lot of the smaller mills have found new tenants. It is their success, together with that of *Salts, which encourages Yortag* to think that it may be possible to do something about West Yorkshire.

**EMPLOYMENT DEVELOPMENTS**
**(Announced between May 9 and October 31, 1981)**

| District | Openings | Expansions | Employment gains | Closure | Redundancies | Employment losses |
|---|---|---|---|---|---|---|
| Bradford | 4 | 5 | 482 | 3 | 4 | 549 |
| Calderdale | 9 | 13 | 795 | 5 | 15 | 894 |
| Kirklees | 5 | 10 | 199 | 6 | 14 | 716 |
| Leeds | 20 | 14 | 193 | 6 | 4 | 888 |
| Wakefield | 6 | 12 | 533 | 6 | 10 | 1,130 |
| West Yorkshire | 44 | 54 | 2,202 | 26 | 47 | 4,177 |

Source: West Yorkshire County Council.

## TUC seeks delay of debt relief to Poland

By Christian Tyler, Labour Editor

THE TUC yesterday asked the Government to hold up the rescheduling of Poland's western debts *until martial law* was lifted and imprisoned members of the independent trade union Solidarity were released.

Mr Len Murray, TUC general secretary, said *after a meeting* with Lord Carrington, Foreign Secretary, that the Government appeared sympathetic to the view but had not committed itself.

*Mr Murray stressed that* financial aid for food and medical supplies should not be discontinued, but that there should be a guarantee that such aid was routed to the people of Poland and not to the army. He suggested that the Polish Catholic Church might be an appropriate channel.

The TUC's future relationships with official unions in the East European bloc could depend on whether they intervened to support Solidarity in Poland, he said.

The TUC has already been asked by one of its affiliates, the Electrical and Plumbing Trades Union, to sever all relationships with East European unions. Yesterday the TUC's international committee *authorised the expenditure* of £5,000 in aid to Poland.

Mr Murray asked Lord Carrington to use his influence to secure a visa, so that he could visit the country as part of a planned mission by the European Trades Unions Confederation, led by its president, the Dutch union leader Mr Wim Kok. Mr Murray is a vice-president of the ETUC.

He said that the TUC was fully behind Solidarity even though "not everything that Solidarity has said would command the automatic support of the TUC.

"We believe that independent autonomous trade unionism will in some form reemerge in Poland for some time and the sooner the better."

Mr Murray stressed that the main objectives and conditions of future financial aid were the lifting of martial law and the release of prisoners. One of the prisoners the TUC is concerned about is Mr Brogdan Lis, a young electrician and a senior member of the Solidarity organisation, who recently visited Britain

## Dispute ruling highlights growth of case law to curtail unions

BY PHILIP BASSETT, LABOUR STAFF

*THE GOVERNMENT'S* proposals for a fresh round of employment legislation are the most widely-publicised aspect of the operation of the law in relation to trade unions. The other, *less prominent side, is what* unions see as the gradual encroachment on their activities by the build-up of case law.

The latest example of this was the judgment given yesterday in Edinburgh by Sheriff Charles Nicholson in a case arising out of the 21-week-long Civil Service pay dispute earlier this year.

A full-time union official, Mr Ted Elsey of the Inland Revenue Staff Federation, was found guilty of two offences of following two Inland Revenue officials who had been taking *blacked tax cheques through* the unions' picket lines at the strike-bound revenue-collecting computer centre as Cumbernault, near Glasgow.

The statute under which Mr Elsey was charged, the Conspiracy and Protection of Property Act, was originally established in 1875 partly to deal with intimidation at their homes of workers who refused to support strikes. One of the charges against Mr Elsey specified that he threatened to picket one of the Revenue officials at his home if he took work there with him.

The outcome of the case raises a number of questions. Mr Tony Christopher, IRSF general secretary, said that the *union would be taking* legal advice both on appealing against it and on its "serious implications" for the future operations of the IRSF and other unions.

The union has been in close contact with the TUC over the case, and may as other unions have done, seek its financial help in mounting an appeal.

*The IRSF acknowledges that* the implications of the judgment may pose considerable obstacles to the union, or other union in the Civil Service mounting the kind of selective *industrial* action deployed during this year's strikes. These aimed to disrupt Government cash flow by halting the supply of Pay As You Earn and Corporation taxes, and National Insurance contribution from Cumbernauld and its sister centre at Shipley in Yorkshire and of VAT from the computer at Southend, Essex.

*The apparent reduction* in importance of the element of compulsion in Section 7 of the Act, under which Mr Elsey was prosecuted is the most serious implication. This section *says* that a crime has been committed if someone without legal authority and with a view to compelling another person to do or abstain from doing anything lawful under five *specific* charges—two of which are "persistently" and "in a disorderly manner"—has followedsomeone.

The precedent apparently set by the judgment, and argued strongly against in court by Mr Elsey's defence, is that if there is an intention to stop someone from doing something then *that is enough* for a conviction.

If that is the case, then such selective action as in the Civil Service strike might well be deemed to be unlawful virtually from the moment of its planning.

This kind of effect may well form part of the reason why a relatively obscure piece of labour law was dusted off to deal with the Civil Service strike, and why its prosecution was maintained, with two separate sets of charges being brought while about 30,000 other cases held up by action by court staff during the strike were abandoned.

That the Government intended to use the statue if necessary became clear once it was confirmed during the court hearing that Inland Revenue management in London had sent a circular to local managers before the strike began advising them of its suitability for use. A study *group set up in the Lord Chancellor's* Department during the strike is thought also to have confirmed its applicabitity.

What is still not clear, even after the trial, is where the motive force came from for continuing the prosecution once the strike was over.

There is now a possibility of Labour MPs, led by Mr Ken *Woolmer, the Batley MP who* is the IRSF's Parliamentary spokesman, taking up this aspect of the case.

### Union official found guilty

**A CIVIL SERVICE union official was found guilty yesterday under a 100-year-old law on charges arising from the 21-week-long pay dispute earlier this year.**

***Mr Ted Elsey, an assistant* secretary of the Inland Revenue Staff Federation, was admonished by Edinburgh Sheriff Gordon Nicholson for two contraventions of the Conspiracy and Protection of Property Act, 1875.**

**The penalties prescribed by the Act remained the same as when it was first introduced—a maximum fine of £20 or three months in jail.**

**The sheriff said he did not think either were appropriate in Elsey's case, but warned that if anyone committed a *similar offence the* court might have to impose a prison sentence.**

**Mr Elsey was responsible for co-ordinating strike action at the main tax collection offices in Cumbernauld. *He* was found guilty of persistently following two officers of the Cumbernauld office by car to Edinburgh, with legal authority.**

## Coal output of 170m tonnes forecast

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S coal industry is set for a "considerable revival" during the next 20 years, according to energy forecasts by the consultancy DRI Europe *published today.*

The consultancy — formerly Economic Models—expects coal production to rise from the present level of about 125m tonnes to 170m tonnes by the turn of the century. This is far more optimistic than estimates by the Energy Department and other UK institutions.

DRI Europe says its forecast is based on an expected big increase in UK coal consump*tion—almost 50 per cent in the* electricity generating industry between 1980 and 2000, for example. "The expected moderate expansion in nuclear capacity will provide a considerable scope for increasing coal burn in power stations."

The revival of the coal industry, however, is expected to "falter" during the next few years. Production is expected to rise to 131.5m tonnes by 1985 *and 142.4m tonnes* by 1990.

The consultancy sees the UK becoming a major energy exporter in the late 1980s. North Sea oil production is projected to rise from just over 80m tonnes last year to a peak of more than 111m tonnes by 1988.

## Daily Mail editor guilty of contempt

MR DAVID ENGLISH, editor of the Daily Mail, and its publishers *Associated Newspapers* Group, were found guilty of contempt of court by a High Court judge in London yesterday over an article published at the time of the recent mongol baby trial.

## Motor trade workers to receive 5%

BY JOHN LLOYD, LABOUR CORRESPONDENT

WORKERS in the motor trade are to receive a 5 per cent increase from nxt year, a ris in lin with the generally low settlements in the privatesector.

The settlement between the Motor Agents Association and unions represnting the 360,000 *garage workers also includes* a shorter wesking week of 39 hours effective from Dcembre 1982.

The increase will bring the minimum rates for a skilled motor mechanic to £82 a week, those for semi-skilled workers will rise to £68, while ptrol forecourt attendants will rceive a minimum of £57 a week.

The national stlement is generally supplemented by local negotiations betwen garage workers and employers.

Commons Sketch

# Heseltine holds his own in the rough house

ONE WOULD almost begin to feel sorry for Mr Michael Heseltine, the Environment Secretary, were he not such a sharp lad who is so obviously capable of holding his own in a parliamentary rough house.

Just before Christmas last year he was in trouble when Labour MPs erupted because the announced council house rent increases in a written answer instead of a full oral statement to the House.

Since then there has been all the aggro with Tory backbenchers and local authorities, which ended with the scrapping of the plan to hold local referendums on supplementary rates.

Throughout these vicissitudes Mr Gerald Kaufman, Labour's Environment spokesman, has pursued his old adversary as relentlessly as the crocodile trailing Captain Hook in Peter Pan.

Yesterday Mr Kaufman and his cohorts were at it again. Apparently Mr Heseltine had committed the crime of making a Press announcement about housing capital expenditure several hours before a written answer was due to be answered on it in the Commons.

Mr Kaufman detected all sorts of murky motives behind this manoeuvre. This device, he said, had enabled the offender to issue a Press notice containing "factual concealments."

Mr John Silkin, Labour's shadow Leader of the House, weighed in with the suggestion that "this particular Secretary of State has rather a long history of doing this kind of thing."

Mr George Thomas, the Speaker, agreed that it was not right to issue an answer before 3.30 pm but quietly added: "When I was Secretary of State I never did it, or at least if I did I was never caught."

Wearily, Mr Francis Pym, Leader of the House, once again came tothe rescue of his absent colleagues ad managed to pacify the Opposition with a promise to make full inquiries into the affair.

Following this unpleasantness the House witnessed a scene unparalled in the history of the present Tory administration—a Minister making a statement which received a profuse welcome from MPs of all parties.

Mr Kenneth Baker, Minister for Information Technology, announced the setting up of centres to train unemployed youngsters in the mysteries ofmodern electronics.

Mr Baker has all the right qualifications as the Mr Clean who represents the acceptable face of Conservatism. He was once Parliamentary Private Secretary to Mr Edward Heath and even shares Mr Michael Foot's habit of nosing round antiquarian bookshops.

So is was not surprising that he was announcing £9m of new Government money for the scheme, a sum which would eventually rise to £30m.

Tory back benchers brushed aside any ideological objections they might have to this largesse and literally fell over one another in their eagerness to make sure that one of these centres was set up in their particular constituencies.

After all this trendy flexibility it was nice to get back to the old-fashioned Conservative virtues with that super-patriot Mr John Stokes (Con, Halesowen and Stourbridge) denouncing the immorality of modern society with a fervour worthy of John Knox).

According to his version everything was falling apart and the royal family is the only institution on which we can still rely in these troubled times.

**John Hunt**

# Private sector 'to control more than half of Britoil'

BY IVOR OWEN

PRIVATE interests will eventually be able to hold a stake of more than 51 per cent in Britoil, the new company which is to operate the production and exploration business now run by the state-owned British National Oil Corporation.

Mr Nigel Lawson, the Energy Secretary, made this clear in the Commons yesterday when he again rejected Opposition suggestions that the Government's "privatisation" policy could lead to Britain losing control over vital North Sea oil assets.

He reaffirmed that the articles of association of Britoil would ensure that there could be no transfer of control to "unacceptable hands."

The sale of the assets now held by BNOC is expected to realise between £1.4bn and £2bn for the Treasury.

Mr Lawson emphasised that the Government would "initially" hold a 49 per cent stake in Britoil when he confirmed that the Government hopes to put 51 per cent of the equity in the new company on public offer next year.

Dr Dickson Mabon (SDP, Greenock and Port Glasgow), argued that the Government could lose effective control if other concerns with a 15 per cent or 20 per cent holding in the company decided to work to "singularly influence the conduct of so-called Britoil."

Mr Lawson explained that he did not envisage concerns of the type Dr Mabon had in mind having 15 per cent or 20 per cent holdings in Britoil.

The whole point of the privatisation operation, he

Nigel Lawson

Dickson Mabon

stressed, was that the shares should be held by the British people.

"It will be public ownership in the true sense of the term," he declared.

Waving aside doubts expressed by Labour MPs, Mr Lawson said the Government aimed to ensure that there was the "widest possible spread" of ownership of the shares, and pointed to the privatisation of British Aerospace as an example of what it was hoped to achieve.

The precise method of achieving the privatisation of the oil assets of the British Gas Corporation had not yet been decided.

Replying to Mr Merlyn Rees, Labour's shadow Energy Minister, Mr Lawson assured the House that the boards of both BNOC and British Gas expressed their views to the Government.

After Mr Tim Eggar (Con, Enfield North) referred to Press rumours, Mr Lawson commented: "I do indeed hope and believe that I will get the necessary co-operation from both BNOC and the British Gas board during the passage of the Bill."

Asked what benefits would result to consumers from the privatisation plan, the minister contended that without the constraints of the public sector, Britoil would be better able to compete

# Boost for technology training

Financial Times Reporter

THE GOVERNMENT is to establish 30 Information Technology Centres under its nationwide scheme to aid young people in training for electronics, computing and basic information skills.

Details were outlined in the Commons yesterday by Mr Kenneth Baker, Information Technology Minister, who said the aim was to provide about 100 centres in the next year or so.

The scheme was welcomed for the Opposition by Mr John Garrett (Lab, Norwich S.), who said he was pleased the Government was taking training experience in information technology as seriously as its other training programmes.

The centres, for 16 to 19-year-olds, will open at Dundee and Inverclyde in Scotland, and Clywd in Wales. There will be four in the West Midlands at Birmingham, Coventry, Telford and Walsall and one in the East Midlands at Leicester.

In addition to the five already announced on Merseyside, there will be centres at Warrington, Salford and Manchester. Sites for other centres will include Newcastle, Sunderland, Gateshead, Leeds and Sheffield and at five sites in inner London.

This first phase is concentrated in the inner-city areas, Mr Baker said. But more were on the way, covering a wider area.

The centres were a joint initiative between the Department of Industry and the Manpower Services Commission which, Mr Baker said, had been "widely welcomed throughout England, Scotland and Wales." Discusions were also taking place in Northern Ireland.

# Debate granted on London Transport

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A THREE-HOUR emergency debate is to be held in the Commons today on last week's decision by the Law Lords that the Greater London Council acted unlawfully in levying a 6.1p in the pound supplementary rate to pay for reduced bus and tube fares on London Transport (LT).

Mr George Thomas, the Speaker, granted a request for the debate from Mr Albert Booth, Labour's transport spokesman, who raised the matter in the house yesterday.

"There is massive confusion now which must be ended," said Mr Booth. He argued that the position of LT and similar undertakings in other metropolitan areas was still completely unclear.

Mr Booth pointed out that legislation enacted in 1969 put LT on the same basis as transport executives in other parts of the country. Therefore, if the issue was in doubt in London, it must be in doubt also in other metropolitan areas.

In a debate in the Commons last Friday, statements on the ruling were made by Sir Ian Percival, Solicitor General, and Mr David Howell, Transport Secretary. But Mr Booth maintained they had failed to clarify the situation.

Emphasising the urgency of the matter, Mr Booth said Sir Peter Masefield, chairman of LT would have to make a decision by January 7 if fares were to be increased by March 21.

Mr Booth said the Solicitor General had not been clear what level of revenue support would be considered to be legal.

He had not said over which period the GLC and LT executive would have to repay the deficit.

Albert Booth

Nor did the guidance enable MPs to form a judgment on which part of the supplementary rate was illegal.

The House, said Mr Booth, was also in doubt over Mr Howell's statement that a 60 per cent average increase in fares would be required to bring them back into line following the judgment.

Sir Peter had spoken of a 150 per cent increase being necessary.

# Health plan 'would hit blacks'

Financial Times Reporter

A GOVERNMENT proposal to charge foreign visitors for medical treatment under the National Health Service was criticised at a Home Affairs Select Committee yesterday.

The scheme, which would entail nationality and residence checks, is being considered by Mr Norman Fowler, the Social Services Secretary.

Miss Ada Maddocks, representing the National and Local Government Officers' Association (NALGO), told the committee: "If there is any abuse going on, it is extremely small. What is being propsed is a very large sledgehammer to crack a very small nut." The TUC opposed the changes.

Her delegation said there was no evidence to support the Government's claim of a possible £5m saving a year. Administrative costs would probably swallow any savings made.

Miss Maddocks said the scheme would discourage British blacks from seeking treatment. Blacks would be more likely to have their rights doubted and could face severe problems in proving their status to hospital administrators.

"This seems to us to be a very high price to pay as far as the race relations of this country is concerned," she said. The next stage could be wartime-style identification passes.

Dr Dipak Ray, representing the Association of Scientific, Technical and Managerial Staffs, dismissed claims that visitors came to Britain to take advantage of the NHS

# Rate support grant settlement: the implications

## Local authorities asked for real current spending cut

BY ROBIN PAULEY

THE GOVERNMENT is asking local authorities in England to make current expenditure cuts next year representing an overall reduction of 3.5 per cent in real terms against this year's planned expenditure.

This compares with a cut of 9 per cent or more which would have been required if the Government had not accepted that its base of targets for councils had become so unrealistic as to be inoperable.

An extra £1bn was therefore added to the total current expenditure provision for 1982-83, raising it from £17bn to £18bn.

The overall current expenditure level aimed for next year will be 2 per cent more in cash than the amount councils are planning to spend this year.

This looks like being an impossibly tight budget for many councils to hit, particularly as the Government has built inflation assumptions of 4 per cent for pay and 9 per cent for prices into its cash limit.

The Retail Price Index is running at 12 per cent and the first local authority pay offer of

**'This looks like being an impossibly tight budget for many councils to hit, particularly as the Government has built into its cash limit inflation assumptions of 4 per cent for pay and 9 per cent for prices.'**

the round—the manual workers'—is between 6.9 and 7.8 per cent.

Councils will be penalised in a pincer movement on their allocations of grant frm central government on the basis of a complex calculation. This will involve the Government's assessment of how much councils need to spend to provide a comparable level of services (the grant-related expenditure or GRE) and the Government's target for each council's expenditure based on the GRE, the 1981-82 cash expenditure and volume of expenditure.

Councils will lose grant at a progressively steeper rate as their spending plans advance past the GRE. They will also be penalised by grant losses for overshooting the targets if this means they are over both GRE and target.

But this extremely complicated mixture means that some authorities have targets considerably below the Government's own assessment of how much they need to spend. This applies to all but three of the shire counties in England, all of which are education authorities.

It became clear yesterday that there was considerable confusion among Government departments about what councils should do: all the indications are that the Department of Education and Science has been working on the basis of GREs as the main target while the Environment Department is heading for the targets themselves.

Each Minister seems to have a different view of what the GRE is—ranging from an instrument of grant distribution to a target to an instrument of expenditure control.

The Government will pay grant to councils at the rate of 56 per cent of expenditure ranking for grant, making the grant total for England £11.5bn, a rise of £500,000 over the 1981-1982 level.

The expenditure targets have been constructed so that no authority needs to make a real-terms cut of more than 7 per cent against the lower of its original and revised 1981-82 budget. (Authorities which increased their 1981-82 spending plans in the revised budget now find they have to make a larger than 7 per cent cut against the original budget.)

Grant will be withheld as targets are overspent up to a maximum loss equivalent to a rate of 15p in the pound at spending levels 5 per cent or more above target. This money will be withheld by the Government and returned to the Exchequer and not redistributed among other councils.

But councils may also face further losses of grant as the proportion of their expenditure funded by the Government tapers off when they pass the GRE marker.

This will happen much more sharply next year than was indicated in last year's rate support grant settlement. But the new rate will be no steeper than that now operating for those councils already overspending heavily and being penalised for missing their 1981-82 volume targets.

Councilh had feared that even this rate of loss might have been stepped up for next year.

The situation in London looks particularly severe and large rate rises in both inner and outer London boroughs now look inevitable. But the severity of grant cuts and the imminent London borough elections in May (after rate bills in April) may have a tempering effect.

If all London councils spent at target they would get a larger share of the grant than last year's settlement provided—16.9 per cent compared with 15.8.

The penalties for overspending in 1981-82 reduced that to 13.7 per cent after revised budgets and 13.4 per cent for overshooting targets.

If London councils overspend their 1981-82 revised budgets next year by 7.5 per cent they will still attract 15.3 per cent of the total grant available, which is considerably less next year than this. But the demands on targets for London indicate that this may fall further.

Every inner-London borough except Kensington and Chelsea, Westminster and Wandsworth is being asked for a real reduction of 7 per cent from its 1981-82 revised budget.

The situation in outer London is marginally better but nevertheless half of the 20 boroughs will be asked to make a cut of more than 4 per cent against their revised budget for this year.

The Greater London Council has a target of £444m, a 26.1 per cent real terms reduction from its budget for this year. ...Mr Illtyd Harrington, deputy GLC leader, said this was "another package of financial misery for London from Whitehall's Mr Scrooge."

The Inner London Education Authority is being asked for a 7.2 per cent cut from this year's budget.

Councils and ratepapers in metropolitan areas outside London also appear to be facing a difficult time. Liverpool City Council needs a 5.2 per cent cut while Merseyside County Council's target is 13.7 per per cent.

Failure by both will leave Liverpool city ratepapers with a hefty rate bill to compensate for the penalties and grant losses as the full 15p in the pound penalty is likely to take effect.

West Midlands County Council needs a 22.6 per cent cut in real terms from this year's budget, although district are in less trouble except Walsall (6.1

**'The underlying trend of the entire settlement is a clear determination by the Government to take the pressure off councils which have already made significant efforts to cut their spending.'**

per cent cut), Wolverhampton (5.4 per cent) and Sandwell (4.8 per cent).

West Yorkshire County Council needs a 17.9 per cent cut to hit target while Tyne and Wear, South Yorkshire and Greater Manchester all need 7 per cent.

The underlying trend of the entire settlement is a clear determination by the Government to take the pressure off councils which have already made significant efforts to cut spending and tried to restrain their budgets (particularly if they are also Conservative controlled).

The penalties are going to fall on ratepayers in areas where the Government has failed to persuade council leaders to accept its version of an acceptable level of spending.

The protests, therefore, of the Tory-controlled Association of District Councils about some of the anomalies in the building up of the GREs have been heeded and compensated for in large measure with the result that many shire districts have targets which should not be too hard to achieve.

If the districts are also within a shire county area which has responded to previous Government targets and which is being treated favourably on grant the result for the ratepayer should be a modest, even "low," increase in rates next April.

## Subsidies on fares attacked

By Lynton McLain, Transport Correspondent

LOCAL authorities which subsidise public transport heavily were attacked in the Commons yesterday by Mr David Howell, the Transport Secretary, when he announced the level of government financial support for local authority transport operations for 1982-83.

The Government is to provide £456.9m at 1982-83 cash prices as its transport supplementary grant (TSG) for local authorities in England in 1982-83. The TSG paid by the Government to local authorities for local transport in the current financial year was forecast to come to £416.5m at outturn prices by the end of the year in March.

The non-repayable TSG for the next financial year represents 28 per cent of the total local transport expenditure of £1,631.8m planned by councils for the next financial year which has been accepted by the Government as eligible for grant aid. The accepted expenditure represents a cash increase of about 11 per cent on the equivalent figure for 1981-82.

Mr Howell told MPs in his statement that his aim had been "to encourage those councils which are pursuing sensible and realistic transport policies."

A number of councils had limited themselves to bids for the TSG which were below the level of spending accepted for the current financial year in real terms. "In recognition of their efforts I have accepted these bids in full," Mr Howell said.

But he said he had been disturbed by the scale of revenues support expenditure envisaged by certain counties, mainly metropolitan authorities but including some shires. These were authorities, such as South Yorkshire and the West Midlands which had policies of cutting or freezing fares on public transport.

The authorities which planned to continue with policies of cutting or freezing fares in the next financial year have been penalised. The Government has refused to accept as eligible for grant aid levels of revenue support proposed by the councils which would have kept fares steady or increased them at rates below those needed to cover increased costs.

This policy is reflected in the total transport supplementary grant to be made available by the Government to the six metropolitan counties in 1982-83. These counties submitted plans to spend money on supporting bus revenue, rail services, road maintenance, other current expenditure and capital spending. The Government accepted £409.39m of this planned spending for 1982-83 and agreed to a TSG grant of £118.75m at 1982-83 cash prices.

This compares with the grant of £122.38m to the six metropolitan counties in the current financial year at 1981-82 outturn prices.

## Council house sales will help fund housing capital programme

BY MICHAEL CASSELL

REVENUE from council house sales will help the Government to maintain next year's housing capital expenditure programme at current levels.

Announcing the broad outlines of the Government's housing expenditure plans for 1982-1983, Mr Michael Heseltine, Secretary for the Environment, said that although next year would see the overall reduction in the housing budget foreshadowed in last year's White Paper, capital spending would remain steady.

The Minister is today due to announce detailed expenditure allocations for the local authorities, and they will show a distinct swing in favour of those operating in the inner cities.

Mr Heseltine announced that £3.1bn has been allocated for gross capital housing expenditure in the next financial year against £2.8bn in 1981-82 and said that it was the first time in seven years that the decline in capital spending on housing had been reversed.

Within the £3.1bn provision, the Housing Corporation's £556m allocation maintains, in real terms, its budget for the second year running. The new town corporations will receive £73m (£118m in the current financial year) and £8m is provided for home loans.

The local authorities themselves will receive a gross provision of £2.47bn, representing a 3 per cent increase over the budget for the current financial year. Within that figure, £30m is set aside for the homes insulation scheme.

But Mr Heseltine said he expected the authorities to find £593m of the £2.47bn total from capital receipts flowing from the sale of council houses and land. The resulting £1.87m net figure for the housing investment programme compares with just under £1.8bn in the current finnacial year.

Ministers are basing the figure on the assumption that the English local authorities will nevt year manage to sell 165,000 homes against the projected figure of 120,000 in the current financial year.

Mr Heseltine said that "hundreds of millions of pounds" in receipts from house sales were sitting in local authority capital accounts because councils were uncertain about the revenue likely to flow from sales programmes and were, therefore, not prepared to commit funds whcih they might not reecive.

He added: "I would like to make it quite clear that local authorities can plan their capital expenditure on thefir assumption that, at the national level, housing capital receipts will reach the figure forecast by the Government.

Provided authorities' aggregate level of gross spending does not appear to be evceeding the level planned nationally, no question will arise of authorities' allocations being reduced in the event of their housing capital receipts falling short of our forecast."

## Cuts in education will hit degree courses hardest

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE total budget for education is to be cut next year by nearly 2 per cent or about £240m in real terms. But the Government's detailed proposals reflect its plan to redirect more spending towards children who do not do well in academic studies.

"More and more our emphasis is going to be on improving standards for the less academic," Sir Keith Joseph, Secretary of State for Education and Science, said in London yesterday.

Consequently degree-level education both in universities and in polytechnics and colleges run directly by local education authorities, is expected to bear the brunt of the cut.

The universities, however, are to receive some aid in their struggle to achieve the economies already scheduled for 1983-84.

Their grant for recurrent expenditure in the present academic year is being increased by £16m, largely to cover changes in their housekeeping arrangements—some of them merely book-keeping adjustments.

In addition they are to have a extra £50m in 1982-83 for so-called restructuring.

Most of this will be for redundancy payments, but in "quite exceptional cases" the University Grants Committee would be able to draw on the fund to save an institution from bankruptcy.

A similar "restructuring" of degree courses in polytechnics and colleges will have to await the new central control machinery being set up by central and local government.

But the public sector institutions are expected to shed the equivalent of about 2,000 full-time lecturers in each of the next two years, and to make corresponding savings in other costs.

As well as economies in polytechnic and college degree studies, local authorities are expected to make savings of about £75m in total on school meals.

Some authorities have achieved impressive cuts in the cost of school meals services, but others have not. Sir Keith evidently thinks the extra economies can be produced by greater efficiency. But some rises in charges for meals seem inevitable.

If local education authorities can make the above cuts and keep inflation down to 5.5 per cent—4 per cent in payroll and 9 per cent in prices—their part of the total budget should fall by only £90m, or about 1 per cent, in real terms.

The Government hopes the authorities will save more than this by trimming 13,000 from the teaching force. This could include about 3,000 compulsory redundancies in non-essential subjects, to protect schools' ability to teach basic subjects.

The authorities are also expected to save additional money by closing schools more quickly as pupil numbers fall, but only about two thirds as fast as the Government had originally hoped.

Sir Keith believes that these extra economies would create room for education authorities to spend £35m more than already scheduled on programmes in further education colleges for non-academic 16- to 19-year-olds.

While some of the extra money for further education will provide for teenagers retaking the GCE school-leaving examinations, it is hoped that a fair share would be available for more work-related courses.

The Government also hopes more of the reduced budget will be spent on school books and equipment, especially for laboratories.

## Welsh grant reduced by only 0.9%

By Robin Reeves, Welsh Correspondent

THERE IS no excuse for any increase in Welsh industrial and commercial rates, Mr Nicholas Edwards, the Welsh Secretary, stressed yesterday.

Announcing the rate support grant arrangement for Wales for 1982/83, Mr Edwards confirmed that the aggregates exchequer grant to Welsh local authorities is being reduced by only 0.9 per cent to 72.5 per cent of relevant expenditure.

The position of industrial and commercial ratepayers has been altered by a change in the Welsh domestic rate relief. Mr Edwards said there should be only moderate increases in domestic rates.

Mr Edwards emphasised that Welsh local councils were being rewarded for achieving the Government's expenditure targets in the current financial year by the provision of a 20 per cent or £46m increase in their capital allocations.

The new settlement should also enable Welsh councils to maintain their current expenditure at broadly this year's level.

# Inquiry into lifeboat tragedy

THE DEPARTMENT of Trade is to carry out an urgent preliminary inquiry into the loss of the Penlee lifeboat, which sank off Land's End trying to rescue the crew of the Union Star over the weekend.

In the Commons, Mr John Prescott (Lab Kingston upon Hull) who is sponsored by the National Union of Seamen, complained bitterly of the delay involved because the captain of the coaster and the owners could not agree on the terms of assistance from the tug.

# Thatcher defends Civil Service reorganisation

By Philip Bassett

THE PRIME MINISTER has denied that the disbandment of the Civil Srvice Department and the reallocation of its work between the Trasury and the Cabinet Office "increases the scope for administrative confusion."

Mrs Thatcher, in a lettr to Mr Bill Kendall, secretary-general of the Council of Civil Service Unions, says: "In my judgment it makes both logical and administrative sense to bring together th control of manpower and expenditure."

However, she voices doubts about "the ability of any one department to take on effectively the full range of work covered by both Treasury and CSD: that is why I decided against a full merger

Stressing that she is "deeply committed to the development and improvement of positive central management of the Civil Service," Mrs Thatcher says she believes the new arorangements will be better placed to contribute to overall management improvement.

# ASBAH's Surrounded by Friends Christmas Appeal



**ASBAH is most grateful to all those donors who have made this feature possible**

**ASBAH, a registered charity, is the only organisation in the UK exclusively concerned with helping children born with spina bifida and/or hydrocephalus and we continue our support throughout their lives.**

**We appeal to readers of the *Financial Times* to help in this vital work by sending us a donation in this, the International Year for the Disabled. For your convenience our advertisement contains a coupon.**

## WIN A WEEKEND AWAY FOR TWO

How would you like to spend a weekend exploring the historic cities of Oxford or Chester or taking in the bracing sea air at Bournemouth?

Enter our free competition and you and your partner could spend a weekend in any of these delightful places free of charge. We are offering three prizes of free weekends for two at the superb Best Western Hotels in Weston-on-the-Green, Oxford, Chester or Bournemouth. The prize includes two nights accommodation (either Friday and Saturday or Saturday and Sunday) with breakfast and main meal on both days included — plus, of course, service and VAT.

To enter all you have to do is find the answers to the questions posed on the next five pages of this feature. The answers can all be found among the entries on these pages — although the questions and answers are not necessarily on the same page.

Once you have all the answers send them, together with your name, address and telephone number plus which location you would prefer to: ASBAH Xmas Contest, Advertising Appeals Office, 6th Floor, The Swiss Centre, 10, Wardour Street, London, W1V 3HG.

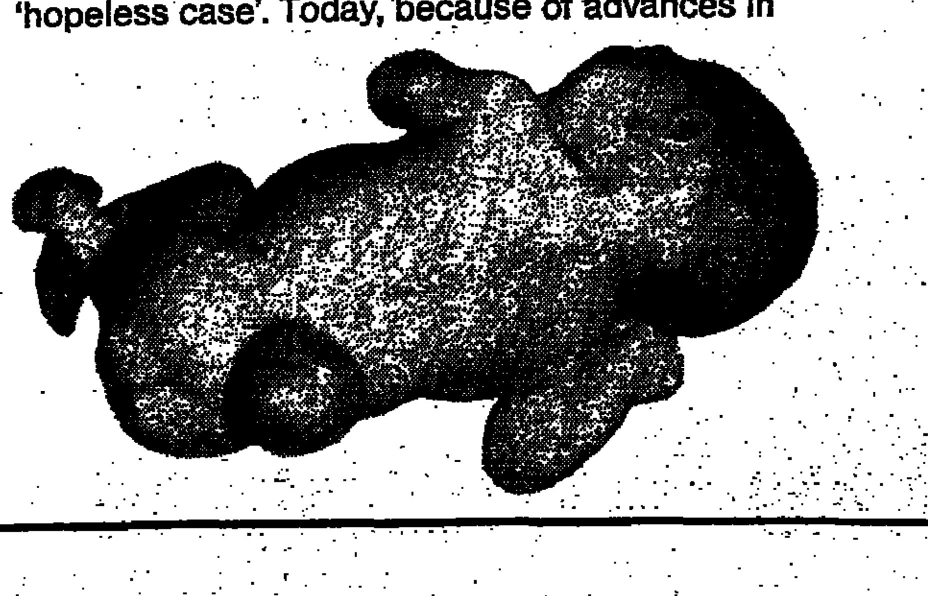
Entries should reach us no later than Wednesday, January 6th and the three winners can take their prize any weekend during January or February 1982.

Good hunting.





# Happy Birthday?



This is Rachel. A few hours before this picture was taken she was born — with spina bifida and hydrocephalus.

Not very long ago Rachel would have been a 'hopeless case'. Today, because of advances in medicine and surgery, she has a chance of life — the possibility of growing up with her family and friends, of making her own contribution to society.

But to live her life to the fullest Rachel will always need help. Inevitably she will be paralysed to some extent. She will need constant medical attention to keep hydrocephalus (literally 'water on the brain') under control; special shoes, calipers, walking aids, perhaps a wheelchair, expert training to overcome her disabilities as much as possible, constant encouragement to take her place in the community. Her parents and family may need help, too.

ASBAH — the only organisation in the UK exclusively concerned with helping children born with spina bifida and/or hydrocephalus — works and cares for Rachel and all those born with these disabling conditions.

Many thousands of children and young people depend on ASBAH. ASBAH depends on you. ASBAH is a registered charity and without your help our work would cease. Our needs are greater than ever before because of inflation and cuts in social services. Please be as generous as you possibly can.

To ASBAH, Tavistock House North, Tavistock Square, London WC1 9HJ

I enclose my donation of .................. to help ASBAH care for all those with spina bifida and hydrocephalus.

☐ Tick box if receipt is required.

Name........................................

Address......................................

.............................................

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FT

# ASBAH

Association for Spina Bifida and Hydrocephalus.

**Question 1.**

How many days a week do Chadwicks sell black puddings at Bury Market?

**Question 3.**
Which electrical accessory did Deta supply for the Regent Street illuminations?

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Tel: 0480 213655
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Tel: 01-727 3133/4
Telex: 915036
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*Pub & Carvery*
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**Question 4.**
**Who offers mobile holidays in France?**

**Question 5.**
Which scaffolding company specialises in TV & Film Work?

# TELEVISION

## BBC 1

9.20 am Gymnast. 9.45 The Perishers. 9.50 Jackanory. 10.05 The Perils of Penelope Pitstop. 10.25 Why Don't You . . . ? 10.50 Play Chess! 11.00 Go With Noakes. †11.30 King of the Rocket Men, starring Tristram Coffin. 11.40 The Hardy Boys and Nancy Drew Mysteries. 12.30 pm News After Noon, weather. 12.57 Regional News for England (except London). 1.00 Pebble Mill at One. 1.45 Over the Moon. 2.00 Sinbad the Sailor, film (1947) starring Douglas Fairbanks Jr, Maureen O'Hara, Walter Slezak. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 The Drak Pack. 5.00 Codename Icarus. 5.35 Paddington.

5.40 Evening News, Weatherman.

6.00 Nationwide.

6.55 Angels.

7.20 The Rockford Files.

8.10 Sean Connery Profile.

9.00 Nine O'clock News, Weatherman.

9.25 Play for Today: "The Factory," by David Hopkins, starring Leonard Rossiter.

10.25 Sadler's Wells Royal Ballet in "Pineapple Poll."

11.13 News.

11.15 Men v Women, an International Golf Challenge.

12.05 am Weatherman.

## Chris Dunkley: Tonight's Choice

Tonight brings the last part of Brideshead Revisited, completing one of the greatest works of television drama ever. In this last extended episode (1½ hours) the extraordinary quality of Evelyn Waugh's original writing is as clear as it has been throughout, as is John Mortimer's courage in adapting it for the screen without ever succumbing to the temptation to "improve" the novel. It is now 1939 and Lord Marchmain returns to Brideshead to die. Olivier gives a magnificent performance as the declining, mischievous old aristocrat.

The religious aspect of the story is at its most dominant in this final section, and whether or not Waugh ever intended it I believe it shows the insidious wickedness of instilling people when they are children with notions about the supernatural which, in adulthood, can dominate and ruin their lives. It is not just the religious aspect, however, which injects such poignancy, it is the *decline of an entire class. Doctrinaire socialists with hard heads* and hearts may rejoice, but that is only because they are blind to the countervailing virtues of what they dislike.

## BBC 2

11.00 am Play School.

11.25 Closedown.

2.00 pm The Kings Army: First of two films covering a bloody chapter in the Civil War.

†2.30 Harold Lloyd in "Never Weaken," (1921) and "Why Worry?" (1923).

3.45 Antiques Roadshow: Arthur Negus and Angela Rippon in Guernsey.

4.25 Everybody's Doin' It (last in series).

4.45 In Search of . . . William the Conqueror.

†5.40 Daredevils of the Red Circle: "The Red Circle Speaks."

6.00 Grange Hill.

6.25 The Waltons.

7.10 News Summary with subtitles, Weather.

7.15 One Hundred Great Paintings: Chardin's "The Young School-Mistress."

7.25 A Question of Equality: "Two Nations?"

8.10 Russell Harty: Hot Gossip are among Russell Harty's star guests in a Christmas edition.

9.00 "The Bridge on the River Kwai," film (1957) starring William Holden, Alec Guinness, Jack Hawkins.

11.40 Late News, Weather.

## LONDON

9.30 am Alice in Wonderland. 10.20 Young Ramsay. 11.05 Welcome Back, Kotter. 11.30 The Further Adventures of Oliver Twist. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News. 1.20 Thames News. 1.30 Rumpole of the Bailey. 2.30 The Little Prince, starring Steven Warner, Richard Kiley, Bob Fosse, Gene Wilder. Watch It! 4.00 Get It Together. 4.45 Ace Reports Special: "The Kayak '81 Expedition, Canada-Alaska." 5.15 White Light: "Christmas Concert."

5.45 News.

6.00 Thames News.

6.35 Crossroads.

7.00 The Krypton Factor Celebrity Special.

7.30 The Jim Davidson Show.

8.00 Starburst.

9.00 Brideshead Revisited.

10.45 ITN News followed by Thames News Headlines.

11.00 The McMasters, Starring Burl Ives, Brock Peters, David Carradine, Jack Palance.

12.35 am It Happened One Christmas, Laurens van der Post recalls a childhood Christmas on the African veldt, followed by Close down.

† Indicates programmes in black and white.

All IBA Regions as London except at the following times:

### ANGLIA

9.30 am Santa and the Three Bears. 10.30 The Grizzly and the Treasure. 12.00 Rod, Jane and Freddy. 12.10 pm Pipkins. 12.30 Gardening Today. 1.20 Anglia News. 5.15 Bygones. 6.00 About Anglia. 10.45 News followed by Anglia News and Weather. 11.00 Hart to Hart. 12.00 The Jazz Series. 12.30 Glory to God in the Highest.

### ATV

9.35 am Larry the Lamb in Toytown. 9.50 The Wild, Wild World of Animals. 10.10 Young Ramsay. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 5.15 Mork and Mindy. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 The Krypton Factor Celebrity Special. 11.00 ATV News. 11.05 Dear Detective.

### BORDER

9.40 am Thunderbirds. 10.30 Morning Matinee. 1.20 pm Border News. 5.45 Mork and Mindy. 6.00 Lookaround Tuesday. 10.45 News and Border Weather. 11.00 Marie Gordon Price. 11.30 Border News Summary.

### GRANADA

9.30 am Stingray. 9.55 Cartoon Time. 10.05 The Making of the Empire Strikes Back. 10.55 Sesame Street. 1.20 pm Granada Reports. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 11.00 The Christmas Coal Mine Miracle.

### HTV

9.50 am Wonders of the Underwater World. 10.20 Spiderman. 10.40 Thunderbirds. 11.30 Paint Along with Nancy. 12.30 pm Gardening Today. 1.20 HTV News. 5.10 Ask Oscar. 5.20 Crossroads. 6.00 Report West. 6.30 Diff'rent Strokes. 10.58 HTV News. 11.00 Thriller. 12.30 am Weather.

HTV Cymru/Wales—As HTV West except: 12.00 Y Llyslau Llon. 12.30 pm Camgam. 5.10 Fizzicle Fizzle. 6.00 Y Dydd. 6.15 Report Wales.

### SCOTTISH

9.15 am Film: "The Seagull." 11.30 Survival. 3.30 pm Mork and Mindy. 5.50 Pet Subject. 6.30 What's Your Problem? 7.00 Christmas Carols. 12.00 Barney Miller.

### SOUTHERN

9.30 am Lost Islands. 9.55 The Bushbaby. 11.30 Out of Town. 1.20 pm Southern News and Weather. 2.30 Doctor in Trouble. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Survival. 11.00 Hart to Hart. 12.00 Weather Forecast followed by Get the Habit with Sister Clementine.

### TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 The Puppy Who Wanted a Boy. 9.55 Cartoon Time. 10.10 Santa's Pocket Watch. 10.30 Puf 'n' Stuf. 1.20 pm North East News and Lookaround. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 11.00 North East News. 11.02 Barney Miller. 11.30 Going Out. 12.00 Christmas Presents to the World.

### WESTWARD

9.40 am A Carol for Christmas. 9.45 Untamed World. 10.10 Target the Impossible. 10.35 Laurel and Hardy. 10.55 A Diary of Civilisations. 11.50 Sally and Jake. 12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News. 5.15 Mork and Mindy. 6.00 Westward Diary. 11.00 Westward News and Weather. 11.03 High Water. 11.45 Grey Angels from Small Hope. 12.15 A Carol for Christmas. 12.20 West Country Weather and Shipping.

### YORKSHIRE

9.30 am Santa and the Three Bears. 10.30 Puf 'n' Stuf. 1.20 pm Calendar News. 5.15 Mork and Mindy. 6.00 Calendar. 11.0 Hart to Hart.

# RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

### RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis, including 12.30 pm Newsbeat. 12.45 Top 40 Discs. 2.00 Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell, including 5.00-5.30 Celebrity Record Race. 5.30 Newsbeat. 6.05 Top 40 Singles Chart. 7.00 Talkabout. 8.00 David Jensen. 10.00 John Peel (S).

### RADIO 2

5.00 am Ray Moore (S) including 5.15 Pause for Thought. 7.30 Terry Wogan (S) including 8.33 Racing Bulletin, 8.45 Pause for Thought. 10.00 Jimmy Young (S). 12.00 John Dunn (S), including 1.45 pm Sports Desk. 2.00 Ed Stewart (S). 4.00 David Hamilton (S), including 4.45 Sports Desk. 5.45 News; Sport. 6.00 David Symonds (S). 8.00 Hubert Gregg (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 The London Palladium Story. 11.00 Brian Matthew with Round Midnight, including 12.00 Midnight Newsroom: Weather: Motoring Information. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer (S). 10.00 Hungarian Choral Music (S). 10.30 Telemann (S). 10.55 Utah Symphony Orchestra (S). 11.55 Bath Festival 1981 (S). 1.00 pm News. 1.05 Six Continents. 1.25 Bath Festival 1981 (S). 1.55 Edmund Rubbra (S). 3.25 Athena Wind Ensemble (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Alfred Brendel (S). 6.05 Purcell at the Playhouse (S). 7.00 Il Trovatore (S). 7.25 Interval Reading. 7.40 Il Trovatore, Act 2. 8.15 Don't Cry, Darling It's Blood all right. 8.30 Il Trovatore, Act 3. 8.55 Interval Reading. 9.10 Il Trovatore, Act 4. 9.55 Violin and Piano (S). 10.50 Ivor Cutler and a Barber. 11.00 News. 11.00-11.15 A Christmas Nocturne (S).

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather: Programme News. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Tom Jones (S). 4.00 Kenneth Matthews Looks Back. 4.15 Origins. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme News. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 The Countryside at Christmas. 8.35 Antony Hopkins (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 How to Survive the Common Market (S). 11.00 A Book at Bedtime. 11.15 Today in Parliament. 12.00 News; Weather Report and Forecast. 12.15 am-12.23 Shipping Forecast: Inshore Forecast.

# FT COMMERCIAL LAW REPORTS

## Guidelines for banks on Mareva injunctions

Z LTD v A-Z AND ANOTHER

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Eveleigh and Lord Justice Kerr): December 16 1981

**WHERE THERE is a danger that, during the course of proceedings, a party may remove assets from the jurisdiction of the court, or dissipate them within the jurisdiction, the court may restrain him from doing so by means of an interlocutory injunction known as a "Mareva" injunction.**

* * *

The Court of Appeal issued guidelines for banks and other innocent third parties, as to their position when served with notice of a Mareva injunction requiring them to "freeze" a defendant's assets within their control. An application by the five clearing banks for leave to appeal against orders, including injunctions made by Mr Justice Webster on July 24 1981, was refused.

Section 37(2) of the Supreme Court Act 1981 provides: "The power of the High Court . . . . to grant an interlocutory injunction restraining a party to any proceedings from removing from the jurisdiction of the High Court, or otherwise dealing with, assets located within the jurisdiction shall be exercised in cases when the party is, as well as in cases when he is not, domiciled, resident or present within the jurisdiction.

*

LORD DENNING, Master of the Rolls, said that a foreign company with an office in London was defrauded of £2m. It obtained Mareva injunctions against those who might have participated in the fraud and succeeded in recovering £1m. Since then a settlement had been made by which it recovered a good deal of the balance. The action had been kept alive because the five clearing banks required elucidation of the law, and wanted to know what was the position of innocent third parties like themselves, when served with notice of a Mareva injunction.

The Mareva injunction was now an established feature of English law. Its principles, as against the defendant, had been given statutory force by section 37(2) of the Supreme Court Act 1981. In that section "otherwise dealing with" was to be given a wide meaning, and was *not to be construed* ejusdem generis with "removing from the jurisdiction." The Mareva injunction extended to cases where there was a danger that the assets would be dissipated within the United Kingdom as well as by removal out of the jurisdiction.

The juristic principle of the Mareva injunction was that the judge's order restraining the defendant from disposing of his assets took effect at the very moment it had been pronounced, even though it had not yet been drawn up. Every person who had knowledge of it must do what he reasonably could to preserve the asset. He must not assist in any way in its disposal, or he would be guilty of contempt of court.

A Mareva injunction was a method of attaching the asset itself. It operated in rem, just as the arrest of a ship did, so as to attach any of the defendant's effects, whether they were money or goods, to be found within the jurisdiction of the court. *Under the name of* saisie conservatoire it was applied universally in Europe. It enabled the seizure of assets so as to preserve them for the benefit of a creditor, but not to give a charge in favour of any particular creditor.

Once a bank was given notice of a Mareva injunction affecting goods or money in its hands, it must not dispose of them itself, nor allow the defendant or anyone else to do so, except by the authority of the court. *As soon* as it received the notice it must freeze the defendant's account and any specific asset held for safe custody on behalf of the defendant.

The injunction made it unlawful for a bank to honour the defendant's cheque. A customer authorised a bank only to do what was lawful, so any prior mandate from the defendant to the bank was automatically annulled by notice of the injunction.

*

However, the injunction did not prevent payment under a letter of credit or under a bank guarantee. Nor did it apply to a credit card. The bank must honour all credit cards issued to the defendant and used my him, except *when they had been used* fraudulently or wrongly. It could debit the amount against the defendant's account.

Such being the jurisdic principle, some things necessarily followed in justice to the bank or other innocent third party who was given notice of or knew of the Mareva injunction:

**(1) Indemnity** In so far as the bank was required to take any action and was put to expense on account of the injunction, it was entitled to be recouped by the plaintiff; and in so far at is was exposed to any liability, it was entiled to be indemnified by the plaintiff.

**(2) Precise notice** The bank should be told with as much certainty as possible what it was or was not to do. When the plaintiff gave notcie to the bank, he should identify the defendant's accountby specifying the branch and account heading, and any other asset, with as much precision as was reasonably possible.

**(3) Search.** If the plaintiff could not identify the account, he might request the bank to *conduct a search to see whether* it held any of the defendants' assets, provided that he undertook to pay the cost. The bank need not tell the plaintiff the result of the search, lest it broke the confidence of the customer, but if it found that the defendant had an account it should freeze it for its own protection, so as not to be in contempt of court. The bank could not be expected to make a "trawl" of all its branches to see if the defendant had an account at any of them, unless the expense was paid by the plaintiff.

**(4) Information for the judge.** At the time of the application for the Mareva injunction, the judge should be told the names of the banks and third parties to whom the plaintiff proposed to give notice; but the plaintiff *was not precluded from giving* notice to others on obtaining further information.

*

**(5) Maximum amount.** It had become usual to insert in the injunction the maximum amount to be restrained, which was the sum claimed by the plaintiff from the defendant. That was unworkable as far as a bank was concerned, because it did not know what other assets the defendant might have. In some cases the best course would be to omit the maximum amount altogether and to make the injunction comprehensive against all the defendant's assets. However, there might *still be cases where it was* desirable to insert a maximum amount. As that was unworkable against a bank, a special injunction should be added restraining the defendant from disposing of any of the sums standing to his credit in a specified bank account in excess of the maximum, or from disposing of any item deposited with a specified bank for safe custody.

**6—Normal living expenses.** Where it was desirable to allow the defendant to have "normal living expenses," the injunction should specify the amount. A special account should be opened for such sums and the bank *should not be required to inquire* what use was to be made of them.

**7—Joint account.** If it was thought that the defendant had moneys in a joint account, the injunction should be framed in terms wide enough to cover the joint account.

**8—Return day.** When granting a Mareva injunction "ex parte," the court might *sometimes think it right to grant* it for a few days until the defendant or an innocent third party could be heard. The injunction was such a serious matter for all concerned that they should be given the earliest possible opportunity of putting their case.

**10—Undertakings.** The plaintiff who sought a Mareva injunction should normally give an undertaking in damages to the defendant, and an underetaking to a bank or other innocent third party, to pay any expenses reasonably incurred by them. The judge might or might not require a bond or other security to support the undertaking.

*

**10—Discovery.** In order to make the injunction fully effective, it was desirable that the defendant should be required to make discovery of his assets. His refusal to disclose that he had sufficient assets to meet the claim afainst him would show that he was really evading payment.

After setting out the above guidelines, his Lordship added that each case so depended on its *own circumstances and difficulties* that counsel should draft an appropriate order himself and submit it to the judge.

Lord Justice Eveleigh and Lord Justice Kerr delivered concurring judgments.

*For the banks: George Newman QC and Austin Allison (Coward Chance).*

*For the plaintiff: Richard Slowe and Philip Shepherd (Slowes).*

**By Rachel Davies**
*Barrister*

## EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

It will be published on the following dates:

1982
Tuesday 12th January
Monday 15th February
Thursday 18th March
Thursday 15th April
Wednesday 12th May
Wednesday 16th June
Tuesday 13th July
Wednesday, 18th August
Tuesday 14th September
Wednesday 13th October
Thursday 11th November
Tuesday 14th December

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# CONTRACTS AND TENDERS

## KUWAIT INTERNATIONAL FAIR CO.(S.A.K.)

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## CEYLON ELECTRICITY BOARD—SRI LANKA

SAPUGASKANDA POWER STATION PROJECT—
SPECIFICATION 25030/01

*The Ceylon Electricity Board intends* to invite Tenders for the design, supply, delivery, erection and commissioning on a turnkey basis of a base load 80 MW diesel power station. The station shall comprise between four and eight diesel generating sets operating at a speed not exceeding 500 rev/min on *heavy fuel with a viscosity of* about 3500 Redwood No. 1 secs at 100°F and having an aggregate installed capacity of 80 MW. The project includes associated step up transformers and switchyard to provide connection to the National Grid at 132 kV and all associated mechanical and electrical auxiliaries, the *power station building*, an administration block and workshops all constituting a new power station to be built at Sapugaskanda, Colombo.

The Ceylon Electricity Board proposes to make its own financing arrangements, but tenderers may *submit in addition to their main* offer an alternative offer which includes financing proposals on the best terms they can arrange *in support of their bid.*

The tender is expected to be closed in mid-March 1982. A fixed price contract is required and tenders should be accompanied by a 5% Bid Bond valid for 4 months. The successful tenderer will be required to provide a 10% Performance Bond.

The Tender documents will be available on or about the 11th January 1982 and may be obtained either from the office of the General Manager, 3rd Floor, Ceylon Electricity Board, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka, on the payment of Rs 3,000/- which is non-refundable or similarly from Preece, Cardew and Rider, Consulting Engineers, Paston House, 165-167 Preston Road, Brighton, BN1 6AF, England, on the payment of £75.

## CLUBS

THE GASLIGHT of St. James's London's more interesting businessman's night club. 2 bars, restaurant, dancing cabaret spots. Happy hour 8-9 pm with all bar drinks at half price. No membership required. Open Mon.-Fri. 8 pm-2 am, Sat. 9 pm-2 am — 4, Duke of York Street, SW1. Tel: 01-930 1648/4950.

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## THEATRES

ROYAL COURT. S CC 730 1745. PEOPLE SHOW CABARET. Evgs 8.0. No perf Dec 24, 25, 26.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. CINDERS. Evgs 7.30. No perf Dec 24, 25, 26.

ST. MARTIN'S. CC 836 1443. Evgs 8.00. Tuesday 2.45. Saturdays 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest ever run. 30th year. SORRY. We never do reduced prices but seats bookable from £2.50.

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SAVOY. CC 01-836 8888. For Credit Card bookings ring 930 0731 (4 lines). 9.30-6.30. Sats 9.30-4.30. Evgs 8.00. Mat Thurs 3.00 (ex Dec. 24) Sat 5.00 and 8.45. GERALD HARPER, SYLVIA SYMS in FRANCIS DURBRIDGE'S Hit Thriller HOUSE GUEST with PHILIP STONE. OVER 200 PERFORMANCES.

SHAFTESBURY. CC. Shaftesbury Ave., WC2. Tel Box Office 836 6596 or 836 4255. Credit Card bkgs 930 0731 (4 lines) (9.30-6.30, Sats 9.30-4.30) 's 01-379 6565. MARTIN SHAW, SHEILA BRAND THEY'RE PLAYING OUR SONG. OAPs £4 (Wed Mat only) best seats. Students standby £4. Evgs. 8.0. Mats Wed 3.0, Saturdays 5.0 & 8.30.

STRAND. CC 01-836 2660-4143. 8.00. Mats Thurs 3.00, Sats 5 and 8. 11th HYSTERICAL YEAR OF THE LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE — WE'RE BRITISH. 2 hours of non-stop laughter. Directed by Allen Davis. Group sales Box Office 01-379 6061.

TALK OF THE TOWN. CC 01-734 5051. For reservations—or on entry—London's greatest night out. From 8 pm. 5 HOURS OF TOP ENTERTAINMENT. THE TALK OF THE TOWN GALA GALAXY REVUE (9.30 pm). ANITA HARRIS (11 pm). Dinner, Dancing. 3 bands.

UPSTREAM. 928 5394. From 28th Dec. Family Musical YOU'RE A GOOD MAN CHARLIE BROWN.

VAUDEVILLE. CC. 01-836 9988. Evgs 8.0 pm. Wed Mats 2.45. Sats 5 & 8. (Extra perf Mon 28 Dec 5 pm). GORDON JACKSON in AGATHA CHRISTIE'S CARDS ON THE TABLE.

VICTORIA PALACE. CC 01-828 4735-6. 01-834 1317. Evgs 7.30 Mats. Wed & Sat 2.45. JOHN INMAN, ARTHUR LOWE, IAN LAVENDER in MOTHER GOOSE. Group Sales 01-379 6061 & Teledata 0-200 0200 (24 hrs).

WAREHOUSE. Donmar Theatre, Earlham St, Covent Gdn. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Final perfs of GOOD by C. P. Taylor from 4 Jan.

# COMPANY NOTICES

## ORANGE FREE STATE GOLD MINING COMPANIES

Administered by
ANGLO AMERICAN CORPORATION
(All of which are incorporated in the Republic of South Africa)

CLOSING OF REGISTERS

For the purpose of the annual general meetings of the undermentioned companies and the general meeting of Western Holdings Limited, to be held at 44 Main Street, Johannesburg, on Thursday, January 28, 1981, at the times stated below, the transfer registers and registers of members of these companies will be closed from January 22 to 28, 1982, both days inclusive.

| Name of company | Time of annual general meeting | Time of general meeting |
|---|---|---|
| Free State Geduld Mines Limited | 10h00 | — |
| Western Holdings Limited | 10h15 | 10h30* |
| Welkom Gold Mining Company Limited | 10h45 | — |
| President Brand Gold Mining Company, Limited | 11h00 | — |
| President Steyn Gold Mining Company, Limited | 11h15 | — |

* or immediately following the termination of the annual general meeting on that date, whichever is the later.

By Order of the Boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: R. S. EDMUNDS
Divisional Secretary

London Office:
40 Holborn Viaduct
London EC1P 1AJ

December 22, 1981.

## 60,000,000 EUROPEAN COMPOSITE UNITS EUROPEAN INVESTMENT BANK

8% BONDS OF 1974, DUE 1989

NOTICE IS HEREBY GIVEN to Bondholders that in accordance with the terms and conditions of the above Bonds, the European Investment Bank has selected the Deutsche Mark as the currency to be utilised in respect of the payment of the interest due on January 18, 1982.

Any holder may, however, and following prescribed procedure, select not less than 15 days prior to the above-mentioned date, another currency of payment from among the possible currencies.

EUROPEAN INVESTMENT BANK

## TDK ELECTRONICS CO. LTD.
(CDRs)

The undersigned announces that as from 4th January 1982 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 13 (accompanied by an "Affidavit") of the CDRs TDK ELECTRONICS CO., LTD., each repr. 100 and 1,000 shs. will be payable with Dfls. 14.36 net per CDR, repr. 100 shs. and with Dfls. 143.60 net per CDR, repr. 1,000 shs. (div. per record-date 31.5.1981; gross Yen 15.— p.sh.) after deduction of 15% Japanese tax = Yen 225.— = Dfls. 2.57 per CDR, repr. 100 shs., Yen 2,250.— = Dfls. 25.70 per CDR, repr. 1,000 shs. Without an Affidavit 20% Jap. tax = Yen 300.— = Dfls. 3.42 per CDR, repr. 100 shs., Yen 3,000.— = Dfls. 34.20 per CDR, repr. 1,000 shs. will be deducted. After 29.1.1982 the div. will only be paid under deduction of 20% Jap. tax with Dfls. 13.51 net per CDR, repr. 100 shs. and with Dfls. 135.10 net per CDR, repr 1,000 shs., in accordance with the Japanese tax regulations.

Amsterdam, 17th Dec. 1981.
AMSTERDAM DEPOSITARY COMPANY N.V.

## NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) in ASAHI GLASS CO., LTD.

NOTICE IS HEREBY GIVEN that pending payment of a cash dividend, the shareholders' register will be closed for the period January 1, 1982 to the close of the Ordinary General Meeting of shareholders to be held around the end of March 1982, and during this period it will not be possible to register the transfer of shares against the surrender of EDRs.

Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from December 25, 1981.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof as soon as practicable after receipt of the dividend by the Depositary.

Coupon No. 1 will be used for collection of this dividend.

CITIBANK, N.A., LONDON,
Depositary.
December 22, 1981.

# LEGAL NOTICES

## THERM-TITE INSULATION (UK) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at Eagle Star House, 28-36 Carver Street, Sheffield S1 4FS; on Wednesday, the 23rd day of December 1981, at 2.30 o'clock in the afternoon, for the purposes mentioned in Sections 293, 294 and 295 of the said Act.

Dated this 4th day of December 1981.

By Order of the Board
R. BRIERLEY,
Secretary.

## FREE STATE GEDULD MINES LIMITED

*(Incorporated in the Republic of South Africa)*

ANNUAL GENERAL MEETING

*NOTICE IS HEREBY GIVEN* that the thirty-fifth annual general meeting of members of Free State Geduld Mines Limited will be held at 44 Main Street, Johannesburg on Thursday, January 28, 1982 at 10h00 for the following business:

1. To receive and consider the annual financial statements of the company for the financial year ended September 30, 1981.
2. To elect directors in accordance with the provisions of the company's articles of association.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from January 22 to January 28, 1982, both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the annual general meeting must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Divisional Secretary

Registered Offices:
44 Main Street,
Johannesburg 2001.

London Office:
40 Holborn Viaduct,
London, EC1P 1AJ.

Postal Address:
P.O. Box 61587,
Marshalltown 2107.
December 21, 1981

## PRESIDENT STEYN GOLD MINING COMPANY LIMITED

*(Incorporated in the Republic of South Africa)*

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-fourth annual general meeting of members of President Steyn Gold Mining Company Limited will be held at 44 Main Street, Johannesburg, on Thursday, January 28, 1982 at 11h15 for the following business:

1. To receive and consider the annual financial statements of the company and the group annual financial statements of the company and its subsidiary for the financial year ended September 30, 1981.
2. To elect directors in accordance with the provisions of the company's articles of association.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from January 22 to January 28, 1982, both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at the annual general meeting must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Divisional Secretary

Registered Office:
44 Main Street,
Johannesburg 2001.

Postal Address:
P.O. Box 61587,
Marshalltown 2107.

London Office:
40 Holborn Viaduct,
London, EC1P 1AJ.

December 21, 1981

## PRESIDENT BRAND GOLD MINING COMPANY LIMITED

*(Incorporated in the Republic of South Africa)*

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the thirty-third annual general meeting of members of President Brand Gold Mining Company Limited will be held at 44 Main Street, Johannesburg on Thursday, January 28, 1982 at 11h00 for the following business:

1. To receive and consider the annual financial statements of the company for the financial year ended September 30, 1981.
2. To elect directors in accordance with the provisions of the company's articles of association.

The head office and United Kingdom transfer registers and registers of members of the company will be closed from January 22 to January 28, 1982, both days inclusive.

Holders of stock warrants to bearer who wish to attend in person or by proxy or to vote at the annual general meeting must comply with the regulations of the company under which stock warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his stead. A proxy need not be a member of the company.

By Order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per R. S. EDMUNDS
Divisional Secretary

Registered Office:
44 Main Street,
Johannesburg 2001.

Postal Address:
P.O. Box 61587,
Marshalltown 2107.

London Office:
40 Holborn Viaduct,
London, EC1P 1AJ.

December 21, 1981

## JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

GOLD MINING COMPANIES' DIVIDENDS

The following dividends have been declared payable in the currency of the Republic of South Africa, to members registered in the books of the companies concerned at the close of business on Friday, 22nd January, 1982, and in the case of The Randfontein Estates Gold Mining Company, Witwatersrand, Limited to persons presenting to the London Bearer Reception Office Coupon No. 93 detached from share warrants to bearer in terms of a notice to be issued by the London Secretaries and published in February, 1982.

| Companies (All incorporated in the Republic of South Africa) | Dividend Number | Per share/unit of Stock Cents |
|---|---|---|
| Elsburg Gold Mining Company Limited | 17 | 13 |
| The Randfontein Estates Gold Mining Company, Witwatersrand, Limited | 93 | 400 |
| Western Areas Gold Mining Co. Limited | 33 | 20 |

The dividends are declared subject to conditions which can be inspected at or obtained from the companies' Johannesburg office or from the office of the London Secretaries (Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE).

Payment by the London Secretaries and the London Bearer Reception Office will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 22nd February, 1982, provided that in the event of the company's bankers being unable to quote a rate of exchange on that day, the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such rate is quoted.

Dividend warrants dated 5th March, 1982, will be posted from either the Johannesburg office or the office of the London Secretaries, as appropriate, on 4th March, 1982.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividends where applicable.

The Share Transfer Books and Registers of Members will be closed from 23rd to 29th January, 1982, both days inclusive.

By Order of the Boards,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: M. J. MEYER

Head Office and Registered Office:
Consolidated Building,
Corner of Fox and Harrison Streets,
JOHANNESBURG 2001.
(P.O. Box 590,
JOHANNESBURG 2000).
December 21, 1981.

# APPOINTMENTS

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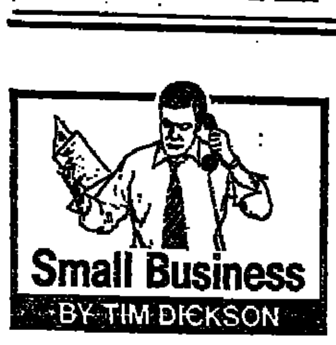
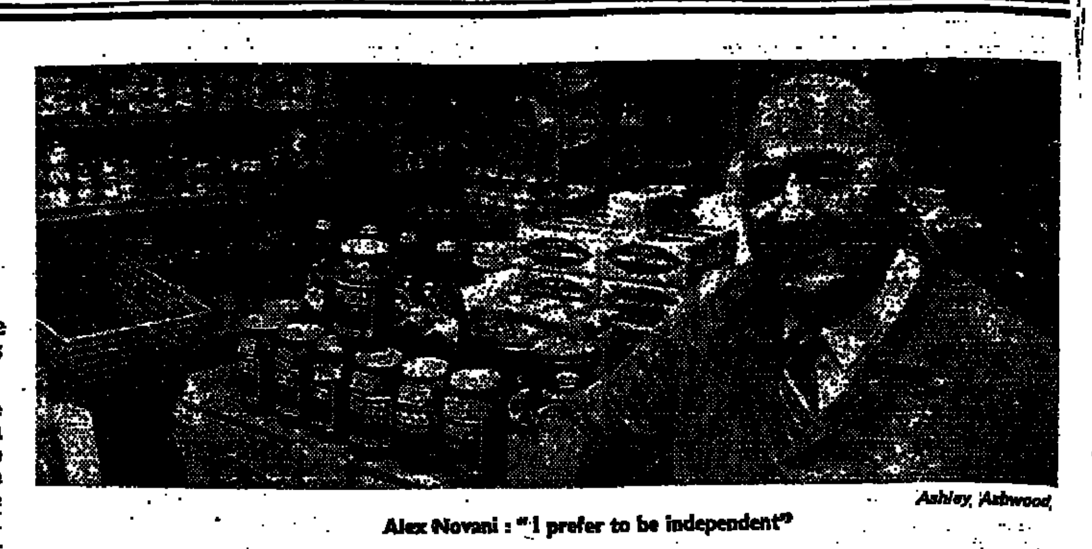



BY TIM DICKSON

# Open all hours . . .

## the economics of the corner shop



Ashley Ashwood

Alex Novani : "I prefer to be independent"

CORNER SHOPS really come into their own at this time of year as harassed customers dash in to buy the presents they forgot, or to stock up with extra provisions.

The unusual opening hours of these little neighbourhood emporia may inspire gratitude and admiration, but few customers stop to consider the problems of running such an enterprise.

Alex Novani, the 53-year-old owner of Dairy Fair, a small shop in St John Street, in Islington, North London, feels deeply on the subject.

High prices, he says, are the most popular complaint. "Because our goods cost more, people think our margins are much higher and that we are making more money. This is just not true. Supermarkets can get much bigger discounts because they can buy in far greater quantities than those of us who are only buying in small amounts. We have to shop around to get a good deal."

In order to avoid extra interest charges on Novani's bank overdraft, Dairy Fair does not carry a big stock. So, to maintain supplies of groceries and gruyere, toothpaste and tinned fruit, he and his wife Maria spend three or four evenings a week at cash and carries in the area (The shop's "official" hours are 6.30 am to 6.30 pm but, he says, "the door stays open till customers stop coming in.")

"I try and buy at the cheapest place I can find," says Novani. He has just been asked to leave Londis, the retailer-owned buying group in which he had a £150 stake. "I had been a member for seven to eight years but they recently asked me to buy everything from them. Although I now miss out on some discounts—such as on bread—I prefer to be independent."

Novani prides himself on two of the most valuable tricks of his trade—a good memory for prices, and an ability to read the market ahead. "I remember reading a couple of years ago in the financial pages of one of the papers that there was a shortage of lavatory rolls in the Far East. I had also heard the same thing about the Netherlands. The report suggested that there would soon be a world-wide problem so I bought a large number of boxes. A few weeks later I was proved right and did a brisk trade."

He also spotted the sugar shortage at an early stage and devoted a lot of time and effort to finding loose supplies and then packing it himself in individual bags. He claims the prices he charged were "not exorbitant." "In this business we are here today and here tomorrow. You can easily get yourself a bad reputation."

A second generation Briton, of Italian descent like his wife, Novani bought the Dairy Fairy premises out of his savings in 1965 and has since shown an entrepreneurial flair of which many would be proud. This has involved the purchase of three laundrettes, a couple of industrial properties and more recently the backing (with £20,000) of his son's hairdressing business. He now sees this as the family's greatest challenge, and a second salon may be purchased shortly.

Novani himself wonders sometimes why he has not built Dairy Fair into a more substantial retailing business but the basic reason seems to be his reluctance to employ staff, with all the attendant problems.

For a spell after the war he managed his father's east end cafe before moving to Ilford and then Southend, where he worked for several years as a chef.

"The idea was to go into the restaurant business on my own but because of staff problems we settled for a shop which the two of us and one part-time assistant could manage. I always wanted to go into business because I like being my own boss. I was keen to prove that I have the discipline you need when not working for anyone else. It's something that's in the family blood, like a gambler who can't quit when he's ahead."

The laundrette operation is particularly attractive to him because it is not labour-intensive.

The first site, next door to Dairy Fair and also acquired in 1965, was financed from the profits of some astute stock market speculation—a habit which in later years gave him enough money in one month to buy a Jaguar. "The feeling in would be bad news for the City 1965 was that Harold Wilson but I didn't agree and I was right."

The third string to his bow is property. He has bought a couple of commercial sites over the years, financed mainly by bank loans. "I believe in other people's money working for me," he says with a knowing glint.

Although Novani has more than a little financial nous, he leaves book-keeping strictly to his accountant. "In my experience it is well worth paying for a good accountant." His own financial controls are based on the three monthly VAT returns and his stock control system consists of a pen and the back of an envelope.

Like many small businessmen not subjected by law to the public gaze, Novani is reluctant to reveal figures. Turnover and profits are closely-guarded secrets and as far as his personal net worth goes, he replies "I've never really worked it out."

"It's not that I've stashed anything under the floorboards because I have always paid my taxes. Once you start hiding things from the Inland Revenue you are not able to re-invest your profits so the money is trapped."

Novani is as critical as the next man about the problems of high rates and form-filling. Small shopkeepers like him may be dear to Mrs Thatcher's heart —and her roots—but he certainly does not feel he has gained anything from her government's 70 or so initiatives aimed at helping small business.

# How the Pru plunged into technology

## Ray Snoddy on the insurance giant's fory into blood, blinds and bytes

WHEN PRUTEC, Prudential Assurance's £20m venture into financing high technology opened its doors for business earlier this year, a predictable thing happened. The tiny number of staff was almost swamped by the wave of inventors looking for someone to recognise their genius and fund their ideas.

Inventors, explains Prutec's chief executive philosophically, are drawn to investment funds like bees to a flower.

"We were the new flower whose petals had opened and they all descended on us," says Dr Derek Allam. Yet Allam went through several hundred wild, impractical or uncommercial ideas before he could find, and acquire, one he liked. It was for a new system of solar blinds.

Prutec's main aim is to identify, develop and where necessary fund projects which can fairly rapidly be brought to the market place in such fields as robotics, optics, biotechnology and telematics—areas where the individual inventor has little chance of keeping up with the pace of development.

Last week Prutec announced its biggest investment so far—in a small biotechnology company in Nottinghamshire, Speywood Laboratories. Both Prutec and the Government - backed British Technology Group were attracted by its investment potential and each will invest £2m in the company over the next two years. Each has a 25 per cent stake split into £750,000 of equity, £750,000 preference shares and £500,000 loan stock.

Speywood is in the business of extracting protein from pigs' blood for use on haemophiliac patients. The investment will allow it to increase output, develop other therapeutic blood proteins and investigate the theory that genetic engineering techniques could be used to produce blood proteins. If this proves possible, it might obviate the need for blood donors within 20 years.

David Heath, managing director of Speywood, explains that he approached Prutec because "we could not afford to develop the technology ourselves." Technical assessors from Prutec contacted him within hours and a decision in principle was taken within three months.

Without this support, Heath says, the only alternative would have been for the technology to have been developed under licence, probably outside Britain.

Prutec was created because of a coincidence of interests between the Prudential and Patscentre International, the research subsidiary of PA, the management consultancy. Patscentre was seeking access to funds in order to exploit ideas thrown up by its scientists in laboratories in Cambridge, Princeton, Brussels and Melbourne.

The Prudential, meanwhile, had noticed a gap in the market — the provision of high risk funds for high technology. By helping to fill that gap, the Pru could produce a profitable return, though not in the short term. The move also helped meet political criticism that the financial institutions were not investing enough in Britain's industrial future.

So while Prutec welcomes ideas from whatever source, it already has a ready-made research programme and access to a continuous flow of ideas through this partnership. The relationship has allowed Prutec to move fast in its first year.

Apart from the decision to invest in blood research, talks are under way on the formation of new companies, joint ventures and licensing deals to exploit the first fruits of 25 research projects. More than £2m has been spent this year and £9m has been budgeted for next year.

## Licensing

There are already several twinkles in Allam's eye. "I think we have two or three potential successes — ideas that are looking extremely attractive—and we are moving as rapidly as we possibly can," he says.

One promising field is the development of an integrated range of microhydraulic components for robots. "We think it will be the first UK company to offer a complete range of microhydraulic components, which will also be combined with electronic sensors to control the hydraulics and give feedback."

Prutec is exploring licensing deals in the UK, U.S., West Germany and Sweden. It is talking to a leading UK manufacturer about producing a new type of light dimmer under licence which could be on sale next year, and it is having talks in the U.S. on projects involving data storage, vehicle propulsion and software. The company is also on the verge of launching its first own subsidiary—a joint venture with a British university to produce medical instrumentation.

Brian Medhurst, joint chief investment manager of the Prudential, and a Prutec board member, believes "things are going every bit as well as we could have expected. But we know we must not get frustrated and look for winners in a few months." But he admits that it is a strange feeling for an investment manager to be spending money without seeing prospects of an immediate return.

Medhurst says that the Prudential, Britain's largest institution which invests £3m a day, realised its limitations and lack of scientific expertise but decided "not to be frightened off."

Derek Allam: twinkles in his eye

So the Prudential set out to acquire the expertise it lacked. Allam's small team of technical assessors was chosen from 1,500 applicants. All combine scientific qualifications with industrial or commercial experience.

Allam's own experience covers scientific research, university lecturing, and work in industry.

He has a doctorate in chemistry, was a scientific officer at the National Physical laboratory, a lecturer at Surrey University, and a consultant to industry, before going on to be managing director of Tricentrol Engineering and finally technical planning manager of Tricentrol Industrial Corporation.

It was then that he was approached by two sets of head hunters; one for a large state enterprise and the other for Prutec. He chose Prutec because it was there, he decided, that he could make things happen.

Allam, who is 44, believes that what Prutec can offer—the financial, commercial and legal backing of the Prudential combined with varied scientific expertise — is unique.

"We move fast, we are flexible and we are able to talk technical language" — something Allam says comes as a welcome surprise to those who have previously had to explain their technology to untechnical bankers. Prutec's first equity stake, a £150,000 investment—part equity, part loan—in Farmfax, a small Hampshire company which has developed computer software specifically for farmers, is an example of Prutec's speed. "They contacted us on a Monday and I went to see them on the Wednesday. From first meeting to signing the contract it was five weeks," Allam said.

Although it is too early to judge the fate of what are intended to be longer-term investments, Allam believes a pattern is beginning to emerge: that of every 10 projects begun, five will fail, four will break even and one will be a success.

This pattern is similar to that found by consultants such as Arthur D. Little in the U.S.

Allam's hope is that Prutec's successes will be sufficient for the company to be self-financing by 1985. As for the Pru itself, Medhurst says, "In the longer term there ought to be a very attractive return from this. In areas of high risk one is looking for rich rewards."

# THE ARTS

**Covent Garden**

## Faun by CLEMENT CRISP

Saturday's two performances by the Royal Ballet brought cast changes in the current quadruple bill of *Concerto*, Robbins' *Faun*, *Illuminations* and *Napoli*, with young members of the company trying their wings. Chief interest surrounded the appearance of fresh and untried dancers in *Afternoon of a Faun*—very properly so since the characters they dance are just such. I thought the matinee cast of Guy Niblett and Ravenna Tucker excellent in presence and in sensitivity. Mr Niblett produced quick, muscular flexings of the body which suggest the faun-like nature beneath the disciplined exterior and make little eddies of sexuality to disturb the warm afternoon air of the studio; Miss Tucker caught all the untouched self-absorbtion and shyness of the girl: both dancers were well matched in physique and temperament, the bloom of innocence unspoiled. In the evening David Peden and Alessandra Ferri brought a sharper conflict of personality, with Mr Peden very correct, cool (and intriguingly aware of the poses in the Nijinsky original), the kiss drawn from him by the potent sensuality of the nymphet presented by Miss Ferri, who could be ideally cast as the Girl in *The Invitation*.

*Illuminations* is not improving on renewed acquaintance, in no small part because of its dated, frivolous design which turns Rimbaud's world into something near a transvestite carnival. But the choreography involves a great deal of scampering from its regiment of clowns, and the emotional drive behind Ashton's portrait of Rimbaud is dissipated thereby. Saturday's performances contrasted Ashley Page's brooding, boy genius view of the Poet with the lightning-flash tensions of Stephen Jefferies' first appearance in the role, every emotional nuance in the *choreography and the sung text* vividly realised to show the poet as haunted being. Both readings are very fine.

With Jefferies, Pippa Wylde made a serene debut as Sacred Love, but Marguerite Porter was more petulant than passionate as Profane Love. In passing I would note that the *programme could do the ballet* and the audience a service by providing the Rimbaud poems in French and English: the detail and significance of *Ashton's choreography* would be made clearer thereby.

With what the programme calls *Napoli* I suspect there is almost a case for the Trade Descriptions Act, not just because it represents only fragments from that ballet's third act. Saturday's showings were lack lustre in style and in execution, maltreating Bournonville's sunny masterpiece. With the girls be-tulled like a dim formation dancing team; with stage borders apparently *made from ancient and hideous* wall-paper; with the cast disposed about the stage on benches, looking a merry as disaffected plague-nurses, and dancing with the condescending air *as if slumming* their way through the *Giselle* peasant pas de deux, Bournonville's belief that "*dancing is essentially an expression of joy*" was nowhere apparent.

This joy is spiritual as well as physical. Bournonvillian sparkle will come from regular classes in his "school," from much more delicate and flexible feet, from an integrity and sweetness of heart and body that respect the moral bases of his art, and from placing the dances within the sustaining dramatic framework of the last act, with a surrounding crowd of dancers and mimes, and a bridge bright with children. *The Royal* casts—with the buoyant exception of Philip Broomhead and Stephen Sheriff—had better go unnamed. Suffice it to say that—especially *at the matinee*—the muted way in which the tarantella was given might have suited a community of Trappists, but not Bournonville's radiant Italian *peasants whose festivities he so* adored ("whole rows of dancers who have promised the Holy Mother a tarantella from Monte Virgine straight to Santa Lucia") and brought so gloriously into the ballet theatre.

**Wembley Arena**

## Genesis by MOIRA PETTY

The Rock business is remarkable for the way in which it regularly blows the cobwebs off its musical giants, rehabilitating them every couple of years for a mass audience whose mean age never seems to rise above 21.

Last week it ground into tedious motion again, attracting three capacity houses to the barn-like Wembley Arena for Genesis whose pompous machinations have relentlessly ignored for over a decade the iconoclastic deliberations of the punk generation.

The statutory clouds of dry ice which were pumped on throughout the evening seemed only appropriate in a set peppered with the tunes—indeed the mannerisms—of another era. Genesis appeared, on their first night showing, to be worn down by the weight of its audience's expectations, opting continually for earlier successes like "The Lamb Lies Down On Broadway," given a rather brisk reading, and *the saccharine* melodies of "Carpet Crawl."

Retaining its marked fondness for embellishment, Tony Banks on keyboards, guitarist Daryl Stuermer and bass Mike Rutherford conspired dangerously to overwork the songs' structures, punctuating and stabbing them with a network of unwieldy effects.

The fulcrum of all activity was Phil Collins, more often than not forsaking his drum kit in favour of a position at the front of the stage from where he provided a more than necessary dose of urgency, with his now lyrical, now savage singing.

Attired as if he had spent the day up a scaffold, he exuded a cheeky nonchalance in the face of an over-reverent audience. Flopping rubber-limbed about the stage, Collins conducted the band with his drumsticks which contained more personality that the other musicians could muster together.

Periodically, and most *notably* as the show neared its end, Collins joined Genesis's other drummer, Chester Thompson, for a resonant duet, both shapely and precise.

*In general*, though, this was dullness personified. Only when Genesis spiced the ponderous two and a half hour event with the chunkier rhythms and simpler statements of its most recent compositions, as in the virulent "Dodo"

# Thoughts on a day in the Park

by DAVID PIPER

A congenital affliction of Art, but especially of three-dimensional art, of sculpture in particular, is pretentiousness. Almost by definition, it's too too solid substance resists any melting into mirth. Also if you do attempt a joke in sculpture, it is likely to become a bore, because however good a joke may be, it becomes by constant repetition—in sculpture's case, by being seen, unchanging, over and over again—a bore. However, earlier this Christmas month, a dour season was alleviated by the insertion of a larky bit of 3-D art into Hyde Park. The installation itself could have qualified as a proper Happening. A cold and *violent* wind, shot through with horizontal squalls of rain, ripped the festive marquee asunder, and punctuated the proceedings with explosions like cannon fire as another panel of canvas burst. Wholesome, hot gruel was served to comfort the assembled luminaries of the parks and arts shivering like *down-and-outs at a soup kitchen.*

The Prime Minister arrived, gallant and indomitable in the storm if as usual slightly smaller than in real television. *The children of St Winifred's* School, Stockport, flesh slightly blue-tinged above and below their frail pink gingham, burst into song. "Hold my hand, hold it tight/If you're yellow, black or white/Hold it tight," they sang with efficacy, verve and clear ethnic compassion. Plus that frail, hopeless confidence that brought tears to adults' eyes already swimming with cold, and no doubt will bring the song to the Top of the Pops. The Prime Minister comforted a damp 10-year-old *clown*; embraced a *coal black* piccanniny. She spoke. She unveiled the Object of the occasion. This proved to represent in dark bronze a *stoutish lady* seated *on a pile* of toys, accompanied by a stout little porker of a lad, arms flung wide, gauping to heaven. Amidst the base, a plethora of half-hidden buttons. When pressed these emitted from various points (though from no rude ones) jets of water. Hysteria reigned. Children squeaked. Adults dodged. Success.

Led by the Prime Minister, the singing children trouped into the indifferent shelter of the battered marquee, where the Prime Minister with maximum brisk efficiency conducted them in P.E., herself leaping up and down while exhorting them. If only the adult population of Britain, she may have thought, would respond with equal zest to her exhortations and so avoid economic pneumonia.

A little later, when it was over and I was adrift in a traffic jam going westwards down King Street, Hammersmith, a fox came skittering through the serried cars and lorries. It looked a bit furtive, but not unduly worried. We noted it without great surprise, though it occurred to us that the event in Hyde Park we had just left had many of the hallmarks of a meet of the hunt. If it was going there, the fox was late, but in fact its route would take it through King Street market—shopping perhaps.

Next day, naturally, it was the photos of the Prime Minister with tiny tots that made the national press. The Object, the Drinking Fountain, was pushed off the page. That was unjust. It is sited a few hundred yards north of the eastern end of the Serpentine, on a slight eminence that houses also a coppice of trees, toilets, etc. The fountain is a memorial of the Great Children's Party when in May 1979 180,000 children got together in Hyde Park to celebrate the International Year of the Child. It is the work of Theo Crosby in association with Polly Hope. Crosby is best known as the architectural partner in that most prestigious of British design consortiums, Pentagram, but he has always made sculpture. He has shown very rarely, which is a pity, for his work—generally modelled rather than craved—might have leavened *many a mortuary exhibition of* sculpture over the last thirty years.

The usual cliches are misleading. One is aware, for example, *of the apprehensive* wince that the use of the word "witty," applied to a work of art, may cause. "Light hearted," "jolly" aren't right either. "Funny" *is right*, but *incomplete* and also can imply qualities, or non-qualities that are all wrong. "Oh why, Uncle Matthew," said Matthew Arnold's niece to the poet in Beerbohm's drawing, "will you never be wholly serious?" Crosby's objects are funny, but they are also, when successful, have a formal resolution that works most satisfactorily to support their funniness, so that when you have stopped smiling, your eyes may wander agreeably still about the curvaceous and ample contours of the modelling. In the family tree of the 20th century art (and 20th century discoveries of much early art), you can discover his relatives perched in the branches without much difficulty. Ancestors—notably Pre-Colombian, those clay figures last seen in London in squads at the El Dorado exhibition. In the new fountain, the woman's head is cousin to the splendid massive topknots of the galumping beach-girls with whom Picasso was momentarily entranced in 1920-22; that delicate sculptor Nadelman is another of the calm, and so are the inflated *Nanas* of Niki de St Phalle. A Crosby however is a Crosby is a Crosby. Sometime in the fifties, he was modelling little terracotta figures, cousins perhaps of those little Tamalameque *burial urns from Colombia.* With Crosby however they tended to be money boxes; into their open mouths, directed to the skies, you popped loose *change. If clever, you might* construe their use as caustic comment on material civilisation, but you had to be clever to get your money out again (except by breaking the object).

The child in the fountain is a development of that theme, but now—while he faces the skies like a mini-Prometheus—if you can find the right button, his mouth will eject a slender thread of water high in the air. The mother, nobly voluminous, holds and shields the child. I am *uncertain, as yet, whether the* mother's and child's relationship to the pile of toys that form the base is fully worked out. Personally, I would find them knobbly as seat, but then my proportions are not as pneumatic as this mum's (I should declare an interest, as the toys are cast from real toys which belong to my grandchildren borrowed for the purpose by the sculptor—on the other hand though, my family charged no commission on these precious objects, but offered their service free, as indeed did *Mr Crosby and Ms Hope*).

Overall, however, I have no doubt that Crosby and Hope have contributed to that great and under-endowed cause, the gaiety of nations (and all praise to those who sponsored the material costs of this venture). I foresee there may be moans from parents with drenched children, owing to the copious and unpredictable discharge of water when buttons are pressed, but the Prime Minister suffered in the cause, so why *should not parents? Vandalism* may prove a more dangerous threat to the fountain's being as such. London has too many dried up sources of water—the *Cornish megalith nearby in the* Park, in the Dell, is one, and in Regent's Park, in the Parsee Fountain, that splendid gift of Sir Cowasjee Jehangir to Londoners, the waterclock has not worked in living memory. But I hope that somehow, in this case, water may be prevailed upon to spout, and the reachable extremities of this welcome addition to London's sculpture become as polished from children's touches as has its forebear, Frampton's statue of Peter Pan, just over the water in Kensington Gardens.

**Round House**

## The Pickle Family Circus by CHRIS DUNKLEY

Circus has changed radically since I was a child. Then, an outing to Bertram Mills was like nothing else: in addition to the tremendous show itself you could visit hordes of animals in their cages, and from the smell in the air to the mud and sawdust under foot the entire experience was unique. However, television and passionate animal lovers put an end to such extravaganzas—at least that seems the most popular theory—and now circuses more nearly resemble what I imagine the travelling troupes at medieval fairs to have been like: tumbling, juggling, clowning.

That certainly is the formula offered by The Pickle Family Circus, with clowning taking not only the lion's share but also the shares that might once have gone to Liberty horses, seals and dogs. Several of the 13 young people, mostly university graduates who form the San Francisco based company and who are visiting Britain for the first time, prove themselves remarkably versatile: trampolining at one moment, they can be seen concentrating ferociously, in a mass juggling act, the next. There is also a slack wire routine and a trapeze act by Wendy Parkman, whose resemblance to Vanessa Redgrave is uncanny.

The Pickle Family Circus doesn't have quite the verve and variety of Circus Oz nor the quiet magic of Le Cirque Imaginaire but like a puppy the show cries out to be liked and where else do you get a free cracker as you go in?

**Royal Court, Theatre Upstairs**

## Cinders

by ROSALIND CARNE

Janusz Glowacki's defiant and intelligent play compounds its relevance with every trickle of news from his beleaguered country. He is well-known in Poland as a novelist, and on Friday night he was an anxious about his family and friends at home as be was excited to be attending his London theatre début.

Set in a girl's reform school near Warsaw, *Cinders* delves into the deceptive games of power, in particular the role of language, media and myth, in shaping and confirming mass submission. Big subjects, but they are dramatised with discipline and humanity, and without a jot of obtrusive theorising.

A film director arrives at the *institution intent* on making an arty move. He will use their clumsy make-shift production of Cinderella as a poignant foil to each girl's private experience. The authorities are delighted, as this can only demonstrate their liberalism. The school's bullying Deputy Head is a Party hack with a flair for subtle terror and manipulation. *Tony Rohr* invests the part with *terrifyingly* recognisable detail, behind the political verbiage. He also illuminates Glowacki's nicely understated script, by touching on the individual roots of sadism, just as the Principal (Tony Salaman) touches on the individual roots of companssion.

After an initial unwillingness, the girls agree to co-operate with director, an unctuous smoothly played by Clive Merrison. All that is, but Cinders, who maintains an angry defiance to the bloody end.

Klowacki is at his best in the group set — pices —the filming episodes, the ghastly Deputy's lectures, and one marvellous scene in the domitory. Cinders tells a bedtime story, a pepped up materialist version of the fairy tale. Romance reigns even among street-wise delinquents, with a Kuwaiti millionaire in place of the Prince and the young miscreants in their regulation nighties waltz to a hummed Blue Danube.

I understand why designers Philippa Nash and Pam Tait felt it necessary to cram the acting space with eleven iron bed-steads. But a stubbed toe *in the front row did* give practical support to my overwhelming sense that this was the wrong auditorium. Given the play's ominous topicality, could it not be squeezed in downstairs for a few weeks?

The intimate duologues are the least successful part, not least because of the demands on a teenage amateur of a complex role like Cinders. Janet Steel from the Royal Court's Young People's Theatre Scheme may well develop into a fine actress, but this part with its layers of sincerity and deception, would challenge the finest professional. Clive Merrison is also better in public than in tete a tete.

I asked Glowacki how he felt about the translation by Christina Paul. He seemed entirely happy, adding that changes were minimal. Hanif Kureishi, one of my favourite young writers, is responsible for the adaption such as it is. I detect his voice in the torrent of gutter-speak, but his contribution may well have been more substantial. The director is Danny Boyle and the simple effective music is by Alaistair Gavin.

**Paris**

## Boulez

by NICHOLAS KENYON

One of the many paradoxes in Pierre Boulez's career is that since he has directed IRCAM, the sound research centre in Paris which boasts some of the *most advanced electronic* equipment in the musical world, he has shown little evidence of compositional activity and has made no use at all of electronics. That has now changed: in *Répons*, written in 1980-81 and premiered at Donaueschingen during October, Boulez, has attempted an ambitious and sophisticated use of the technical resources of IRCAM in combination with the instrumental skills of his Ensemble Intercontemporain. The piece at present lasts just under 20 minutes: There is another 20 minutes already in short score, which Boulez hopes to complete for a possible British premiere at the Broms next September.

The French premiere took place last week as the culmination of a survey of Boulez's music in the Paris Autumn Festival. It was heard not at IRCAM, which ironically does not have a space large enough to house it, but at the Maison de la Culture in the Parisian suburb of Bobigny. In a huge, bare gym-like rectangle, an ensemble of 24 players is set out on a central podium. The audience surrounds them, and behind, round the edge of the hall, six soloists are placed on high platforms. Loudspeakers hang on the walls; an array of equipment is controlled from behind Boulez's conducting *desk*.

The sound of the instrument ensemble is homogenous, and is not modified by electronics. For 6½ minutes it weaves flowing patterns of sound, and then there is a sudden, brilliant flurry of percussive noise from the solists. The electronics take up the sounds, colouring them, extending them, diversifying them. The "response" of the *title takes place as the orchestra* refashions the material to suit its sustained character; the soloists and electronics interpolate and comment. The textures, always marked by the contrast between smooth and struck sounds, are dazzling.

The piece was played once; then Boulez invited us to change seats to acquire a different aural perspective, and—with effortless charm—he explained some of the hardware. He demonstrated how Giuseppe di Giugno's 4X computer could transform and prolong sounds in real time (a single xylophone note becomes a morse-code rhythmic pattern, two became a phased dialogue) and he stressed that the human characteristics of the play were preserved in the process: gentle touch was echoehd with a halo of resonance; fierce attack was echoed with booming noise. The the piece was repeated.

As theatre it was superb, as technology it was superb, but as music I found *Répons* made *distressingly little impact*. The second hearing only served to emphasise the cleverness of the processes and the thinness of the result. There are some *problems inherent in its plan*: as in *Varèse's Déserts*, the alternation of instrumental and electronic sound tend to make the natural noises appear colourless and unvaried. But more worrying was the fact that the music itself had so little to say. Boulez has triumphed over the means, but has not achieved an end: perhaps the remainder of *Répons* which is yet to come will reveal more.




# FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

For Share Index and Business News Summary; Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester)

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 236.

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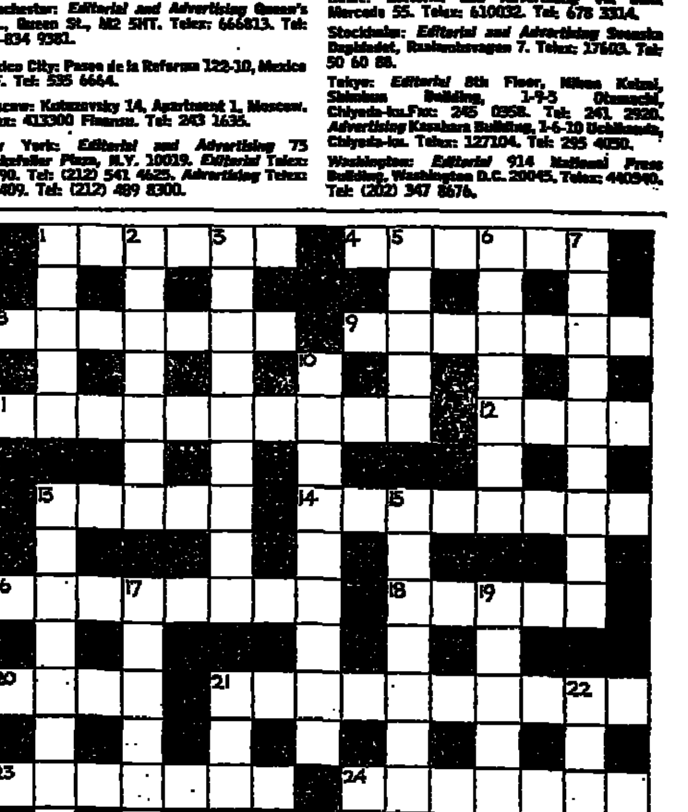
## F.T. CROSSWORD PUZZLE No. 4,756



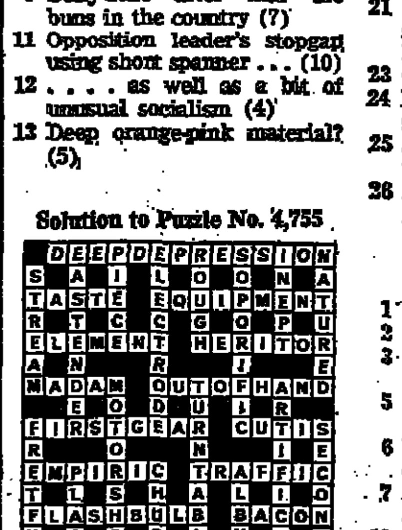
**ACROSS**

1 Oxygen tubes bent make one dull-witted (6)
4 Various kinds of birds (6)
8 Perfectly good sort with cooking equipment is foreign (7)
9 Belly-ache after half the buns in the country (7)
11 Opposition leader's stopgap using short spanner . . . (10)
12 . . . . as well as a bit of unusual socialism (4)
13 Deep orange-pink material? (5)
14 Smith, the overseer around Gateshead (8)
16 Pa leaves peach Melba salad for the white sauce (8)
18 Fellow having power-line of old? (5)
20 Sure to upset the consumer (4)
21 One who stands for many sorts of music — and Emperor transcription (10)
23 Greed for caviare-spread (7)
24 Fast cat and swindler, we hear (7)
25 Keeping players on the pitch? (6)
26 Bad taste to hold universal image of someone (6)

**DOWN**

1 Surpass in alfresco party (5)
2 Country tower? (7)
3 Sweet compliment for balletic fairy (5-4)
5 Accustom to being at home by the river (5)
6 Draw out broken octave at opening of Eroica (7)
7 Scaphoid in higher degree and tidy in the main (9)
10 Eccentric brother (9)
13 Produce of vaches en été, churned and pressed herein? (6-3)
15 A round of Winchester, for example (5-4)
17 Greatly pressed in marathon, perhaps (4-3)
19 Deserving the fairest bank-rate one has to settle (7)
21 Top of Penang split-cane and North American hickory (5)
22 Destroy article in old Irish (5)

**Solution to Puzzle No. 4,755**



FINANCIAL TIMES
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Tuesday December 22 1981

# Poland: where the buck stops

TRUTH is the first casualty of war, and especially when, as in the Polish case, that war takes the form of an assault by one section of a nation against the rights and liberties of the rest. One of the first acts of the Polish Military Council for National Salvation was the cutting of all communications with the outside world. Sensible comment requires a clearer picture of events in Poland than was available for much of last week.

### Deaths

Yet after eight days of martial law in Poland the accumulated evidence from official sources, pooled correspondents' reports, eyewitnesses, the Catholic church and other sources, including the Polish Ambassador in Washington, depicts severe repression of Solidarity leaders, of the Church and of the Polish intelligentsia.

Warsaw Radio has admitted seven deaths, hundreds of wounded an dover 4,000 arrests followed by imprisonment in hastily set up internment camps. Church and other sources indicate that the list of deaths, injuries and arrests is much higher. In other words, the world has witnessed a military coup in Poland of a severity in keeping with the other repressions which have punctuated the history of socialist régimes in Eastern Europe since the end of the Second World War.

The initial reaction of Western Governments, including the British Government, was that events in Poland were an internal matter. The preoccupation of Western governments was to ensure that the already bad situation was not made worse by direct Soviet intervention. But early hopes that General Jaruzelski would be able, by a short, sharp campaign to create the conditions for a resumption of reform with a chastened but more realistic Solidarity, Church and people no longer appear tenable.

Far from pre-empting Soviet military intervention in Poland, the Polish army may have so weakened the ability of the Polish people to resist that Soviet intervention becomes more,rather than less likely.

The situation thus demands from Western governments, bankers and public opinion the sort of polities needed to persuade both the Polish military authorities and the Soviet leadership that future East-West political and economic relations hinge upon a lifting of repression, the liberation of Lech Walesa and other Solidarity leaders and supporters, and a prompt resumption of the tri-partite talks between Government, Solidarity and Church broken off by the declaration of martial law.

Western bankers have already intimated that they are not prepared to provide an additional $350m in order to allow Poland to honour its commitment under the 1981 bank debt rescheduling agreement to pay the interest on the $2.4bn which the banks have agreed in principle to reschedule.

This is the first clear sign of a hardening of attiude by the Western financial community in the wake of martial law. Western governments, and especially the U.S. government, face a similar dilemma over the question of future rescheduling of Government debt and, above all, over the emotional issue of future food aid to Poland. The crucial question here is not so much humanitarian food aid to the Polish people, which should continue, provided Western donors have the right to ensure its distribution to those for whom it is intended, but the millions of tons of grain which hitherto have been supplied mainly on the basis of Western commodity credits.

### Freedom

Western governments have already categorically and correctly stated that there is no question of military action in support of Poland. This means that the only leverage left to the West is economic and financial. The roles themselves have said that their priority is greater freedom, not greater prosperity. They add that without greater freedom there can be no greater prosperity. Further Western aid to an unreformed system would merely mean throwing good money after bad.

This has been the experience of the past 10 years and it should not be repeated. Western governments, in their own self-interest as well as the good of Poland, should make clear to Warsaw and Moscow that future financial and economic assistance, of all kinds, will be forthcoming solely on the basis of a proven commitment to a resumption of the Polish reform process.

# The fall-out from Norton Warburg

IT MAY not be fair, but it is a fact that one juicy scandal in the financial community offsets the good work of a hundred properly managed transactions. This year, a number of investment company failures have exposed the limitations of statutory and self regulation in the City of London in the most painful way. The result could be a threat to the whole structure of existing controls.

Investment protection involves a trade-off between allowing the public freedom to do what it likes with its money—however stupid—and ensuring as fas as possible that it is not unknowingly exploited. Under the present arrangements it seems clear that these two objectives are not properly in balance. Investors who handed over their affairs to the likes of Norton Warburg have discovered too late that investment management is an activity which at present is almost completely unregulated by any authority.

There is a limited amount that can—and should—be done within the framework of existing legislation to improve the position. The Department of Trade can tighten up the rules covering the relationship of licensed dealers with their clients. The Bank of England can ask investment companies to look again at whether they ought to be seeking a licence for deposit taking under the Banking Act.

### Codes

But there is no chance of any radical change in legislation finding its way into the Parliamentary timetable in the foreseeable future. So the self regulatory agencies have a few years in which to show that they can do the job.

Their approach to the problem, under the leadership of the Bank of England, involves seting up trade associations of investment managers, who agree to follow accepted codes of behaviour. The idea is that investors who put their money with managers who are not members of one or other of these associations will do so with their eyes open, and at their own risk.

We support this initiative, on the view that no form of legislation could guarantee to prevent another Norton Warburg, and that self regulation provides a quicker and more flexible response to most problems. It is going to be a formidable task, for investment management takes in a very diverse range of business interests, and is by no means confined to securites. Moreover, if such associations are to be given any kind of authority, they could start to conflict with competition policy.

### Limits

By its nature, self-regulation imposes limits and restrictions on the way operators in any market conduct their business. The Office of Fair Trading is now mounting an attack on the Stock Exchange's rule book precisely because of such restrictions, while the Bank of England has already had to modify plans for associations of sterling and money brokers because of European competition rules.

One possibility might be to establish some form of stautory back-up for a self-regulated association of investment managers. However it seems unlikely that Parliament would be prepared to lend its authority to a self-regulatory agency without also taking powers to lay down the rules by which it was governed. And having got that far, the urge to go further—and establish a U.S. style Securities and Exchange Commission — could prove irresistible.

These issues will get a great deal of attention in a few weeks' time, when the Department of Trade is expected to publish a wide ranging consultative document on investment protection prepared by Professor Jim Gower.

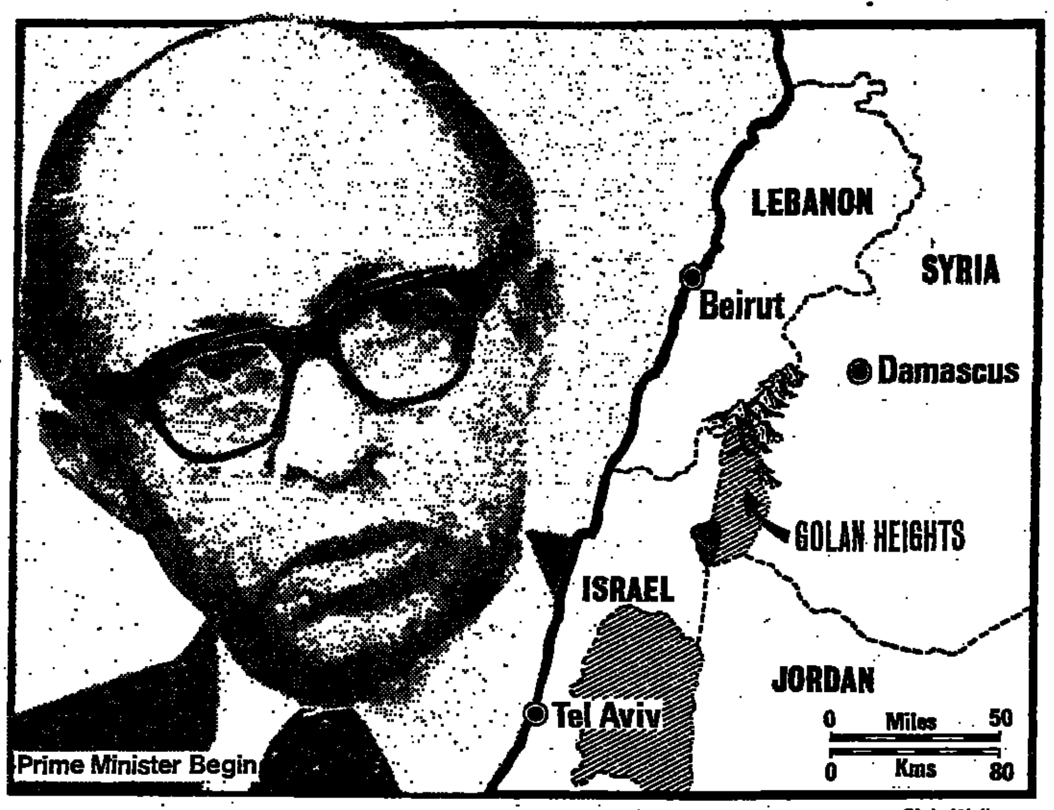
The main objective of any proposals must be to establish a system whereby investors' money is kept separate from the finances of the management company, and in which full and frequent disclosure is made of how the money is being invested.

This is a matter of some urgency. One feature of the Norton Warburg affair was the way in which the company established connections with a number of institutions—from the Bank of England downwards—and thereby gained unwarranted status. If leading City institutions are capable of such an error of judgment, then the general public must be a lot more vulnerable.

ISRAEL AND THE U.S.

# Begin: wary, and defiant

**Washington has reatced cooly to the strong attack on the Reagan Administration by Mr Menahem Begin, Israel's Prime Minister. David Lennon, in Tel Aviv explains why Mr Begin is completely unrepentant about his decision to annex the Golan Heights and is unlikely to deviate from his hard-line position. Below, David Buchan in Washington, says that relations between the U.S. and Israel are at their lowest ebb for some years.**



Prime Minister Begin

Chris Walker

"WHAT SORT of talk is that, to punish Israel? Are we a vassal state of yours? Are we a banana republic? Are we 14-year-olds whose knuckles you rap if we don't behave ourselves? You will not frighten us with punishments."

With these, and other, harsh words Mr Menahem Begin, Israel's Prime Minister, on Sunday brushed aside America's decision to suspend its new strategic co-operation agreement with Israel following the Israeli "annexation" of the Golan Heights from Syria.

His denunciation of the United States has raised new questions about the direction of Israeli foreign policy. It has revived fears that, out of a sense of total isolation, Mr Begin could turn his back on the Camp David agreement and halt Israel's withdrawal from the Sinai. There is also apprehension that, with the rest of the world preoccupied by the crisis in Poland, Mr Begin could even launch a war in Lebanon or against Syria.

Most Israelis support his angry charge that Washington is treating Israel like a vassal state. But even his own Cabinet Ministers wince privately at the abusive tone Mr Begin chose to use. The suspension of the co-operation agreement, he said, was a grievous insult. The accompanying suspension of up to $350m of military orders from Israel was classic anti-semitism. "What do you want to do, hit us in the pockets?" he asked at his Press conference.

Not all Israelis share Mr Begins view of "fortress Israel." "The Government appears to be toally oblivious to the cumulative effects of its unilateral action," wrote Mr Gideon Rafael, a former director-general of the Israel Foreign Ministry, in the Jerusalem Post on Sunday.

But it is clear that Mr Begin—and his Government—do not believe that Washington will actually impose lasting sanctions on Israel. The suspension of deliveries of F16 military aircraft this summer after Israel's bombing of the Iraqi nuclear reactor, for example, caused the country no real harm. It merely forced the air force to reschedule its timetable for phasing out ageing aircraft by a few weeks.

The U.S. decision not to proceed for the moment with discussions on some Israeli proposals to promote U.S. purchases of defence related goods and services in Israel, and to allow Israel to use some foreign military sales credit funds to purchase Israel produced goods and services has worried local industrialists. They fear that the loss of up to $350m in orders could deal a severe blow to the military industries which are already suffering from cutbacks by the Israeli armed forces.

But this is unlikely to sway Mr Begin. He has little interest in economic matters. As the late Mr Moshe Dayan, a former Foreign and Defence Minister, wrote in September "Israel faces a number of other problems," he said. "Huge inflation, emigration, a crisis in exports, the collapse of many farms and above all, the question of our relations with the Palestinian Arabs (autonomy). But these issues will not be etched on the pages of history."

This, indeed, is the core of Mr Begin's rule. He is a man with a belief in his mission as the redeemer and protector of the whole "land of Israel." He has his eye on the history books, and on the events which earn a man a place in them. He may be a stickler for legal detail, with a passionate love of signed agreements but Mr Begin also knows that history has shown that treaties and agreements can be broken whenever that suits one of the parties. This is why he is disturbed by the American decision to suspend the recently signed strategic co-operation agreement.

He wonders if Washington can be counted on to honour the U.S. commitments to Israel's security which are enshrined in the Camp David agreement. And he has been greatly disturbed by Washington's "romance" earlier this year with the Saudi peace plan which called for Israeli withdrawal from all occupied territories.

The suspicion here is that once Israel has completed its withdrawal from the Sinai in April, Washington will seek an alternative programme, to expand the peace process to include other Arab countries besides Egypt. Then, Mr Begin fears, the Americans plan to intensify their pressure on Israel to make wide-ranging concessions on the West Bank, Gaza Strip and Golan Heights.

This is partly what lay behind his decision to push through the Golan Annexation Bill last week. He was spelling out to the Americans that his Government is determined to hold on to the rest of the territory which it captured in the 1967 war. He was also trying to reassure his supporters at home, that the withdrawal from Sinai and the dismantling of the settlements there would not be precedents for the other occupied territories.

Israel was also testing Egypt's adherence to the peace treaty in advance of the return of the rest of Sinai, next April. Cairo's muted response to the Israeli annexation of Arab (Syrian) territory appeared to prove that Mr Begin is indeed correct — that Egypt's overriding interest is to regain its territory.

Mr Begin well knew that extending Israeli law to the Golan was a direct provocation to the Syrians. But he does not appear to have been in the least concerned that Damascus might launch a military response. Indeed, the Government gives every indication that it would welcome a military confrontation with the Syrians before the final withdrawal from Sinai. It is confident it could defeat the Syrian army and thus eliminate the threat to its northern border

Even if Egypt then changed its policy towards Israel following the withdrawal and once again became a confrontation state, Israel would be faced with only one effective military front. The potential for a clash in Lebanon is also considered to have been heightened by the events of the last week.

Mr Begin clearly does not intend to deviate from his hard-line position. Recalling the civilian casualties caused by the U.S. action in Vietnam or "body counts" as he described them, Mr Begin told the American Ambassador in Tel Aviv on Sunday: "You have no moral rgiht to lecture us."

What happens next is hard to predict. It could be decided by the way the U.S. acts on January 5 when the UN Security Council meets to discuss imposing sanctions on Israel.

If Washington does not use its veto, then a further deterioration in relations between Washington and Jerusalem will be unavoidable.

# Reagan: 'the best friend Israel could have'

THE LATEST row between the U.S. and Israel is serious only because Prime Minister Begin has chosen to take it so seriously. That is the view from Washington, which argues that a row is not a rift, hopes that calm and good sense will soon prevail, and maintains—in the words of Mr Ed Meese, the senior White House policy adviser—that "the U.S. remains the best friend Israel could possibly have."

But no one here is denying that U.S.-Israeli relations have take a sudden downward spiral to their lowest ebb since at least Mr Begin came to power in 1977. This is not without irony. On his election, Ronald Reagan was seen as one of the most staunchly pro-Israeli Americans to enter the Oval office in recent years.

Yet precisely because of this widespread (and accurate) perception of his pro-Israeli instincts, Mr Reagan has felt it necessary to pull Israel up sharply twice in the past year—first by putting a temporary stop to U.S. deliveries of jet fighters following Israel's June 7 bombing raid on Iraq's nuclear reactor, and now by suspending the new military co-operation with Israel.

The aim is to remind Israel that the U.S. will not underwrite its actions right or wrong. Or, as Mr Alexander Haig, the Secretary of State, put it over the weekend: "The President felt very strongly that the U.S. had an obligation not to create an atmosphere in which blank cheques are available for the leadership in Israel."

The Administration has grown increasingly aware of its need to stay roughly even-handed between Israel and moderate Arab states that might conceivably be wooed into the peace-making process. Mr Caspar Weinberger, the Defence Secretary and long-time Reagan associate, whose public criticism of Israel has been the bluntest from within the Administration, put it this way: "We cannot secure the peace if we are viewed as only lined up on the side of one participant who has a definite series of views and who executes those views unilaterally without going through the negotiating process."

However, if Mr Begin has underestimated the degree of U.S. interest in pursuing the Camp David initiative, the fault may lie in part with the Administration. Only gradually and slightly reluctantly did Mr Reagan come to accept the Carter legacy on Camp David.

Far greater initial emphasis was put on the need for "a strategic consensus" to keep the Russians out of the Middle East, rather than on speedy progress to heal the region's internal rift over the Palestinians. Mr Reagan's passing expression of mild interest in Saudi Arabia's peace plan served only to anger Israel. The President has since placed himself squarely behind the Camp David process, but, for instance, has still not yet appointed a high-level U.S. envoy to the autonomy talks, as President Carter did.

But there is a feeling in Washington that Mr Begin, for his own reasons, deliberately chose to misread and over-play the U.S. action last Friday in suspending the three-week-old U.S. Israeli strategic co-operation agreement and further discussions on help for Israel's arms industry.

U.S. officials point out that, first, there was no question of interrupting the flow of U.S. arms to Israel—as had been done in the summer—or U.S. aid which will total more than $2bn in the current year. Second, Washington made it clear that though it would welcome rcession of the Golan annexation, as demanded in the U.S.-Back Security Council resolution, Israel could win itself renewed U.S. military co-operation if it would just take "ameliorating action" by saying the Golan Heights were subject to eventual international negotiation.

State Department officials also hinted that Israel could redeem itself in U.S. eyes by proving more forthcoming in the autonomy talks and showing restraint in Lebanon. It was evidently the mildly patronising tone in this which riled Mr Begin.

Mr Begin now says he has cancelled the strategic co-operation accord outright. Certainly, Washington will not feel the loss. The agreement was seen here as a sop to wounded Israeli pride after the summer halt in U.S. arms deliveries. It always contained the danger that it would alienate U.S. friends in the Arab world.

As the agreement was explicitly written to guard against the threat of Soviet expansionism, the U.S. felt it had a very legitimate grumble that Mr Begin should have used the distraction of the Polish crisis to slip through his Golan annexation. To U.S. officials, this smacked very much of past sharp practice such as the Suez invasion by Israel (and of course Britain and France) just at the time Hungary erupted in 1956.

A key unknown in the present row will be the reaction of the U.S. Jewish community. Mr Howard Squadron, who heads the umbrella organisation grouping all major Jewish organisations here, criticised the U.S. action. But a Democratic Senator Claiborne Pell, got a standing ovation from a synagogue audience when he called the Golan annexation "a flagrant diplomatic violation." Most U.S. jews are likely to take their cue from reaction in Israel, which seems mixed.

The fear in Washington is that Mr Begin may want to use a public rupture with the U.S. to put a stop to withdrawal from the Sinai or to hit the Palestinians in Lebanon, or even to incorporate the West Bank and Gaza into Israel. Publicly, Administration officials say this will not happen. Privately, they are now on their guard.

# Men & Matters

### City sponsors new flotation

First business of the day in hundreds of City offices yesterday seems to have been a collection for the Penlee lifeboat disaster.

"A fantastic response," the Royal National Lifeboat Institution reported gratefully as its Lambeth Road headquarters was overwhelmed with a spontaneous and generous tide of donations.

One discount broker collected more than £1,000 within a few hours from colleagues. "That sort of thing was repeated over and over again in the City—and, indeed, throughout the ocuntry," said the RNLI.

From the Stock Exchange, banks and other institutions; from shipping and oil companies; and from industry generally came thousands of individual contributions. These were swollen by a growing number of corporate donations.

The RNLI is unlikely to be able to tot up the exact amount raised by the disaster fund for several days. "But it is already running into tens of thousands of pounds," I was told.

According to donors' wishes, the money will be divided between the relief of the Penlee widows and orphans; the pension fund which provides for the dependants of all lifeboatmen lost at sea: and the replacement of the Solomon Browne.

### Cash sale

There are shops, I know, which offer their customers "everything you want from a store—and a little bit more."

Safe to say, though, that they have not yet come near matching the unexpected bonus that one shopper got from Manchester department store Kendal Milne when he nipped in for a few knick-knacks just before closing time the other evening.

When he got home, he discovered an extra parcel in his shopping bag. He unwrapped it—and out tumbled a wad of notes and cheques, the department's takings for the day.

Returning to the shop next day, he was ushered this time through a number of locked doors before handing the cash back and being profusely thanked "both personally and tangibly."

### Blueprints

Every few months, the Prime Minister, in her search for the causes of British industrial decline, throws open the front door of Number 10 Downing Street to hear views from outside. To kick off the New Year, a coection of 40 or 50 industrial designers wil be invited over on January 25—when Mrs Thatcher wil lead a brisk seminar before the drinks troley is pushed round.

The first group to enjoy this sort of treatment was that endangered species of wealth creator, the small businessman. Mrs Thatcher held a largish party for them two years ago when the Government was getting rather worried about how few of them there were in Britain. After that came a seminar for inventors at which tax cuts were discussed. Complaints voiced to the Prime Minister by some of the budding boffins on the subject of the Nationa eRsearch Deveopment Corporation are thought to have assisted its demise into the British Technoogy Group, where it is now twinned with the National Enterprise Board.

More recently came a party for people in the computer software business—when the softies had a few more moans about the small businessman's lot.

Now, over to the designers for another rehearsal of how to turn successful industrial design into marketable products. The brains trust assembled for the occasion comprises eight industrial designers; eight representatives from such concerned bodies as the Design Council, Royal Society of Arts and the Crafts Council: eight company chairman and directors; plus various MPs, including Industry Secretary Patrick Jenkin.

### Fred is dead

The white heat of the technological revolution has claimed another victim down in Guernsey, where Fred is out of work for the first time in 10 years, superseded by a computer. Fred's speciality is tumbling ping-pong balls randomnly into five chambers, to select the winners of the island's lottery. Fantastically Reliable Electronic Device he may be, but Guernsey has since teamed up with Jersey and gone over to the microchip.

The Guernsey Government's gambling committee admits that Fred may be a little large for modern tastes—6 ft by 7 ft by 4 ft—but he may fit nicely into a bingo hall: His cost price was £2,200, but any offer will now be considered.

### Barber's chair

You might think that an organisation could scarcely have a less ambiguous name than the British Bankers' Association, and that it would not take Wittgenstein to deduce who exactly might make up its membership. But it is, I am assured, only Britain's entry into the EEC and the admission of foreign banks to BBA associate membership which rescued it from a moribund existence, and gave it a key role as the City's listening post for financial legislation from the EEC.

David Barber of the Midland takes over as BBA chairman from Singer and Friedlander's John Cooper on New Year's Day.

The job's biggest headache is getting the membership to agree a common line on major issues. Hidden reserves? The BBA maintains an embarrassed silence. Foreign banks taking over British ones?—look elsewhere for outspokenness on that one. Much easier to make conversation with the BBA on EEC-related subjects, or jaunty topics like capital adequacy and liquidity ratios.

"It's the dustment and the Borough Treasurer to wish you a Merry Christmas."

### Ark at this

Q: What is the difference between Noah's Ark and Joan of Arc?

A: One was made of wood the other was Maid of Orleans.

**Observer**

BRITAIN'S INNER CITIES

# Drawing in the private sector

By Robin Pauley

A SMALL TEAM of British financial managers, most of them from the private sector, *has just returned* from the United States full of ideas about how fresh life can be breathed into Britain's decaying *inner* city areas.

The group was despatched to the U.S. by Mr Michael Heseltine, the Environment Secretary, whose experience in Toxteth, Liverpool, following this summer's riots convinced him that urgent action is needed to reverse decades of accelerating decline.

There is no doubt that Mr Heseltine was profoundly shocked by what he saw in Liverpool. The Environment Secretary's report to the Prime *Minister on his visit was never* published, but it appears to have marked a significant change in his view of the needs of the inner cities. Lord Scarman, in his report late last month, echoed this concern.

The 25-strong Financial Institutions Group, known inevitably as FIG for short, *included managers from banks*, building societies, pension funds and the nationalised industries. For two weeks the group criss-crossed the U.S. looking not only at large scale redevelopment projects like the Renaissance Center in Detroit but at far smaller rehabilitation schemes in cities as diverse as *Atlanta*, Kansas *City* and Philadelphia.

Mr Heseltine's brief was *clear. The group was told to* investigate how the private and public sector in Britain could be *jointly* involved in bringing inner city areas back to life. There was no point, he said, in schemes to throw yet more money into these areas. Billions of pounds have been spent on them — some £293m this year alone with another £95m now to come — but they have made little impact on social *and structural problems that* are among the most daunting the country faces.

The group returned with varying impressions. But most of its members are agreed on several themes which are likely to be the basis of the report they submit to the Environment Secretary.

First, Britain should consider changing its tax laws so that private sector involvement in urban regeneration projects is allowable against tax as it is in the U.S. Such a change would, by itself, be a major incentive.

Second, the U.S. system of Urban Development Action Grants (UDAGs) should be closely examined. This directs central government money to *specific local projects which* already have promises of private sector involvement. Britain's present urban aid scheme makes no conditions about private finance.

Third, there is a clear need to look at new ways of financing and organising the emergency renewal and refurbishment of housing in inner city areas. Property which is allowed to decay sets communities even *further on a downward spiral* and exacerbates social tension still further.

Several British *companies*—including ICI, BP, BOC, GEC, IBM, Marks and Spencer, Shell, Esso and the clearing banks—have already been involved in community projects. But so far their assistance has usually been *on a small scale and many companies* have held back because of the lack of a framework through which they can offer assistance.

The prospects for some form of UDAG look distinctly rosier. In the U.S. Housing and Urban Development Department (HUD) makes a direct grant for a *specific project which must* already have significant private sector money promised (the financing ratios run from a minimum 1:2.5 up to 1:10 and occasionally more). The average "leverage" is one UDAG dollar for six private dollars. The UDAG money may be a grant, a loan interest subsidy or a guarantee.

Once the deal is done all sides are bound to it—if the private side puts the offices up the city council must put the sewers in. The City Council may also contribute a share in the costs but even if it does not the great advantage is that once UDAG *money* has been committed to a city it remains earmarked for that city. Loan repayments can thus be recycled into new projects in the same city. UDAG projects range from as small as $30,000 up to an exceptionally large $30m grant in Detroit towards clearing a site for a major new car factory.

An urban contrast: the Renaissance Centre in Detroit, left, built with the help of private funds on one derelict land and Toxteth, in Liverpool, after the recent riots.

The private sector has been involved in other major pro*jects including the* Renaissance Center which reclaimed a huge area of derelict downtown Detroit and replaced it with spectacular office, housing and shopping development, the office sector of the first phase attracting an extraordinary 80 plus per cent occupancy. The second phase is in more *trouble, having* been hit by the recession.

Nevertheless the project which attracted $300m of private money, largely from GM, has had spin-offs—the con*ference trade in the area picked* up, ethnic shops are opening up nearby, the streets of what was once an appallingly run-down and dangerous area are now safer at night and prospects are such that a new project is under way to try to develop a low-cost tram system (with some old trams bought from San Francisco).

But there are equally impressive small-scale stories about UDAG. Every application is vetted and argued about in HUD which promises an answer on each project within 60 days (although "maybe" is occasionally a delaying answer).

The Harlem Commonwealth Council in New York, for example, is a small co-operative business venture run by blacks. The 12 or so businesses now employ about 500 people, have bought up some more property to renovate and the Council has helped itself, with some external help at the beginning, to *get going* on an entirely commercial and self-supporting basis.

What UDAGs are doing, and what a similar scheme might do here, is helping marginal *projects involving ethnic com*munities (and others) to take off with a chance rather than not take off at all.

Housing, however, is a more complex and politically sensitive issue. In Britain, as in the U.S., ethnic minority groups are increasingly to be found in higher proportions in the most depressed areas of the inner cities and often in the very worst of public and private sector housing.

The FIG may find that its recommendations are against Government policy. This is a nettle the Government will have to grasp but it will also mean *the FIG will have to think* carefully about how and what to propose and how to deal with the inevitable "advice" from civil servants—if not from FIG's own secretariat, then *from* upmteen others both at Environment, Industry and the Treasury.

Measures to help house disadvantaged groups might include, for example, extending the MiniHAG (housing associa*tion grant) so empty housing* could be patched up by councils for use by young single sharers. *The grants are only £2,000 to* £5,000 each but they would enable some empty housing to be used quickly.

FIG is still barely three months old and meets regularly in plenary sessions and will have a full-scale five-day residential review session at the building societies' training college in Ware next month.

But it is not just a question of priorities. FIG will also inevitably start looking at the role of Britain's financial institutions themselves. No clearing bank is going to move its headquarters to Toxteth but each might be asked to recheck the number and size of their banks in Britain's ethnic areas, whether the highest quality managers are there, whether any of the managers are black, how many black or coloured people are employed by the institutions at any level in the City.

Chemical Bank of the U.S. asked itself many of these questions about its employment and branch policies several years ago. Again in Harlem, it established eight new branches, five of which had black *managers. They were not chosen* because they knew everything there is to know about banking but because of their personalities. They were encouraged to go out into the community and offer the bank's services *aggressively*, urging people to ask for commercial loans and then persuading them to go and get advice from black business and management consultants to help them reshape their plans to fit the bank's commercial criteria. Then they got the money and the facilities and further loans. So far, there *has not been a bad loan.* All the managers proved a great success.

If the FIG does persuade institutions to look at themselves and change to help in these sort of ways of investing in urban areas (perhaps exacting a quid-pro-quo from the Government en route about *some of the present complex* planning and compulsory purchase order rules and procedures) a remarkably large amount will have been achieved in a very short time.

In, addition, Mr Heseltine will astutely have put the Government, particularly the Treasury, in the position of being forced to re-examine a number of controversial ideas with the added lever that this is what the City, with all the resources it commands, thinks.

If FIG fails on the other *hand, or is thwarted, or ignored*, the last remnant of Mr Heseltine's Merseyside report will also be in the bin, underlying one of the many key sentences in Lord Scarman's report: "The failure of the many attempts over the last three decades to tackle the problem of inner city decline successfully is striking."

## Lombard

# Public health and private medicine

By Gareth Griffiths

A GOVERNMENT working party on alternative ways of financing Britain's health care is one of two major studies currently being undertaken into the merits or otherwise of an insurance-based system of funding. The British Medical Association this month completes its own study into alternative health funding. The alternatives under consideration would centre round some type of insurance scheme instead of the National Health Service. There would be a far greater role for the private sector with a government supported safety net for those unable to pay for treatment.

The BMA group has already decided a private insurance scheme would be too expensive and disruptive. It will tell its members in the New Year that the present system of NHS funding *should continue but* with greater encouragement for private sector schemes.

During the past 35 years the NHS has been viewed as the cornerstone of the British welfare state and attempts to change it would cause horrendous political controversy. But to regard any method of funding as sacrosant and *beyond dis*cussion is intellectual dishonesty, particularly in view of mounting public dismay aver an expanded NHS bureaucracy, industrial relations disputes and long waiting lists for non-emergency treatment.

Meanwhile private sector health care has enjoyed a boom in recent years with 6 per cent of Britons now covered by some sort of health insurance. However private medical care is geared to short stay, non-emergency surgery and almost totally neglects emergency surgery, long-term patients, geriatric, psychiatric and maternity cases.

While the UK spends a lower proportion of its Gross National Product on health care at 6 per cent than any other EEC member state except Italy, administrative costs even under the present *top-heavy* British system are much lower than insurance type schemes elsewhere.

Private insurance can bring in previously untapped financial resources. Such schemes can be more adventurous and innovative, for example in pioneering day care surgery whereby patients have minor operations and rest for a few hours before going home

But the evidence from outside the UK is overwhelmingly against a switch over to insurance funding. Patients are poorly equipped to make any effective market choice over treatment because they have relatively little knowledge of the efficacy of a doctor or course of treatment. There is an automatic tendency to opt for the largest amount of protection that the patient can afford. The United States as a result has over provision for large sectors of its population and under provision for those unable to afford insurance schemes.

The Government has to tackle two problems urgently if it is *to improve health funding*. The first is to clarify the relationship between the private sector and the NHS. Private medicine makes virtually no contribution to training medical staff and with the smaller size and relatively restricted hospitals is in a poor position to do so. At present it is defenceless against *the argument that is is a parasite* on the NHS. It should make its contribution to training through a financial levy, payable to the DHSS and redistributed to the health authorities responsible for the teaching hospitals.

More importantly the Government should look again at the relationship of the NHS and local authority social service departments, particularly with a view to strengthening the present joint financing arrangements for schemes such as old people's day centres Too many hospital beds are used to house long term elderly or psychiatric patients who are there simply because they have nowhere else to go. This leads to the NHS being used as an adjunct of the social services departments rather than fulfilling its primary task *of caring for the nation's sick.* It would be encouraging if the Government gave higher priority and greater resources to such joint financing schemes which in terms of overall public spending offer very good value for money.

# Letters to the Editor

## Bring me pine logs hither—or pay up 45p a therm

*From Mr I. Broadley.*

Sir,—Like Good King Wenceslas, you might spot a poor man at this time of the year, trying to gather in winter fuel. Of course in this country, even if the fuel was fallen timber, today's unfortunate vassal might face charges of theft or smoke emission.

This however, shouldn't worry *us too much — haven't* we cleaned up the air in and around our cities and aren't we the only industrialised country to enjoy virtual self-sufficiency in energy?

The benefits of our North Sea operations are not shared equally by all citizens. If you are a good manager of your domestic energy requirements you could well be purchasing energy for domestic space and *water heating from* British Gas at 25p-30p per therm. This you would use in an efficient thermostatically controlled boiler feeding a system capable of responding to the desired comfort setting you may select for your home.

On the other hand if you are a pensioner living in rented accommodation and you burn a form of smokeless fuel in an open fire or in a room heater you are purchasing the basic thermal energy at between 40p-45p per therm. The device you would be compelled to stoke in these circumstances would most likely have only rudimentary *controls with consequently low* operating efficiency. Such units can induce excessive air changes into rooms and if a surplus of primary air is supplied due to leaky doors or poor jointing, the consumption soars. Also as their response in output to a *change* of setting is slow they are prone to mis-management particularly *by old folk.* Further losses in performance will arise if the fuel has become soaked or ice-encrusted in storage.

It is difficult to assess the average degree of malfunction or mismanagement that will apply to the average consumer. It seems likely however that the average *cost of useful* energy from smokeless fuel is at *least twice that obtainable* from a domestic gas supply. Where the consumer requires a small quantity of hot water or room heating for a short period the comparison would be even more condemnatory. In such an instance the consumer would be well advised to lay down his shovel and to employ electricity at the standard tariff.

Those consumers who are thus effectively paying up to twice the energy tariff some of *us enjoy include many of the* nation's lowest paid. The cost of this energy to them represents a seriously high percentage of their total incomes even though their personal energy demands are piteously small. Many would be ecstatic at thought of fetching their own pine logs and so escaping the *misery of prolonged cold.*

Ian C. Broadley.
*2, Laggary Park,*
*Rhu, Helensburgh.*

## It is disingenuous to pick on labour efficiency

*From Mr E. Whiting*

Sir,—The Treasury statement on the economy (December 3) lays great store on "output per man hour," which, it says, rose 7 per cent over the last 12 months, "better than would have been expected on the basis of past experience."

We know of a company which, in management *accounting* terms, has achieved a similar favourable variance in labour *efficiency*, i.e. actual hours are about 7 per cent better than standard hours. But this is swamped by an enormous adverse volume variance because the company has been working at little more than 50 per cent capacity, like many, it would seem, in your Business Opinion survey of December 7.

In economists' language productivity of labour has improved but productivity of capital, which the Treasury seems to ignore, has deteriorated disastrously. The latter effect is much more serious than the former. As everyone knows, fixed overheads have to be spread over a smaller volume of production, causing either an increase in price (if you can get it) or a trading loss.

In fact, it is easy to increase labour efficiency in the short-term. The company *concerned* made recently a large number of people redundant. As with *most* companies *in* such a situation, the least experienced and least productive workers are dismissed. There should be no surprise at all that "output per man hour" improves. When demand increases again, of course, *it will inevitably fall*, as new, less competent, less experienced workers have to be *employed.*

Often, a favourable variance in one item is related to an unfavourable variance in another, e.g. labour efficiency may show an improvement at the expense of wasteful use of material.

It is disingenuous to pick out labour efficiency only as a cause for rejoicing when capacity *working* is a cause for greater misery, especially when the latter largely causes the former and the net result is not 7 per cent plus, but about 30 per cent minus.

Edwin Whiting,
*Manchester Business School,*
*Booth Street West,*
*Manchester.*

## A poll tax is practicable

*From Professor H. McQuade*

Sir,—May I, on the basis of extensive experience of poll tax *and other* local taxes in several countries of the Americas, assure the deputy Liberal leader of Kent County Council (December 1) that a poll tax is perfectly practicable? There are complications, but not for the reasons she cites.

The onus for returning the electoral registration form in England is certainly on the householder, but there are penalties for failing to make a return or making a false return. There would be further penalties if the reason was an attempt to evade tax.

My contacts in this country tell me that registration officers do have staffs who visit with people who have not made a return, and the reason is almost always an oversight or mere incompetence. If the register were used as a tax base, on American and Latin American experience it may mean some increase in invigilation resources. This is a disbenefit, but in yield terms not a large one.

There is also a significant *plussage, analogous to the* census approach in the U.S. compared with the voluntary registration approach in England to unemployment statistics. The Office of Population Censuses and surveys in the UK is broadly speaking conjecturing in the dark between formal censuses. Its counterpart in the U.S. has a more continuous flow of contemporaneous data, principally because we do have local taxation systems with real money riding on accurate population checks.

(Prof) H. J. McQuade.
Department of Government,
Tulane University,
*New Orleans, La., U.S.*

## Letter of credit delays

*From the Senior Manager, Customer Service, Lloyds Bank Overseas Division*

Sir,—Mr John Brodrick, managing director, Custom Buying Associates (December 15) invites your readers to *amuse themselves after* lunch on Christmas Day by inventing a new method for international payments to replace documentary credits. The reason given for this need being that 50 per cent to 60 per cent of documents presented for payment under documentary credits are unpaid on first presentation. Regrettably Mr Brodrick is absolutely correct in the percentage of documents refused. May I stress, however, that the non-payment is not the fault of the paying banker, who it is often assumed delights in refusing payment, but rather the fault of the beneficiary who prevents the banker from making payment by *failing to* present the documents in order. The problem of non-payment arises when beneficiaries do not present to the paying bank documents which comply precisely with the terms of the letter of credit. A letter of credit which, incidentally, the beneficiary has accepted quite happily without objecting to the terms.

There is no law which says that the terms of a documentary credit must be complicated, *it* is entirely a matter for agreement between the buyer and seller. The solution, therefore, is to make the terms of the credit as simple as possible bearing in mind that the reason for using a letter of credit in the first place is to provide protection for both the buyer and the seller. For the seller or beneficiary by replacing the financial standing and integrity of the buyer with the financial standing and integrity of a bank, and for the buyer or importer by linking payment to the seller with the delivery by him to a bank of the shipping documents as specified by the buyer.

With simplified terms and a simple description of the goods appearing in the documentary credit, everyone *should* be happy. The exporter will be able to present his documents in *order, and the banker will* then be able to pay on first presentation. The beneficiary, therefore, will get *his money immediately*, and I can go back to my port and nuts after lunch on Christmas Day instead of worrying about the difficulties that occur when exporters present their out of order documents for payment as I have been doing for the last 41 years.

R. E. Pike,
*9 Harland Avenue,*
*Sidcup, Kent.*

# Trident explains options on casinos acquisition

BY DUNCAN CAMPBELL-SMITH

Trident Television will probably try to sell its newly acquired casino interests to an established company within the gaming industry, should it fail to obtain clearance from the courts to operate them.

Mr Ward Thomas, Trident's chairman, explained yesterday that this would be the company's preferred option in the event of failure to secure licences for the Playboy, Clermont and Victoria casinos. Trident bought the casinos—along with 80 betting shops and four small, provincial casino interests—from Playboy Enterprises on December 17 for £14.6m.

The chairman's remarks followed publication of a circular sent to Trident shareholders over the weekend with details of the purchase. Trident intends to retain and operate the casinos, which earned £16.6m in the year to June 30.

The company could not estimate the sale value of the three London casinos but Mr Thomas said Trident had already been approached by other companies interested in their future.

The chairman made clear, however, that the earliest possible closure of all its casinos still left Trident with the prospect of £3m pre-tax profits from them next year. Trident hopes for another £1m from the betting shops.

Other potential gains from the deal with Playboy, due for completion next month, could include the sale of various other assets, including the chain of betting shops. Mr Thomas said he was confident the latter could realise at least £5m.

Meanwhile, Trident is preparing to appeal on January 25 against the non-renewal of two of Playboy's gaming licences in September. If this fails, it will be seeking new licences in the spring. The board has told shareholders it "confidently believes that, as a new owner with experienced and reliable management, it should be well placed to establish its fitness to hold gaming licences."

The possibility of non-renewal of the licences is stressed as "a major factor in determining the consideration payable" to Playboy. It could entail "substantial" losses for Trident. Mr Thomas cited legal costs up to about £225,000 and statutory redundancy costs for the staff of the casinos.

Trident has use of Playboy's trademarks in its casinos for six months. Franchise fees paid to Chicago in the year to June were £1.9m. But Trident is "still considering" the extent to which it will adopt Playboy's name and style. Mr Thomas confirmed that the company will be dropping the word Television from its name.

Management appointments for casino operations will be announced on January 5 at a general meeting to approve the acquisition. Three executive managers are planned. Mr Thomas said Mr Jack Gill, former managing director of Associated Communications Corporation, was working as a consultant to Trident.

Trident's preliminary results are formally announced today for the year to September 30. Company estimates yesterday showed pre-tax operating profits down at £7.4m against £9.1m. But tax advantages and currency gains left attributable profits at £6.4m against £2.9m. The shares closed down ½p at 63½p.

See Lex

# Hanover Invs. holds interim

FOR THE half year to August 31 1981 Hanover Investments (Holdings) has turned in a pre-tax profit of £42,000, on turnover of £993,000.

The company, formerly known as Sobranie (Holdings), made profits of £202,000, on turnover of £3.31m, for the same period of 1980, but the Board says these results are not comparable as they included final trading results of the tobacco and engineering businesses which have been sold.

Principal activities of Hanover are laundry and dry cleaning and it also has a leather and gift side. The first stage of the rationalisation of the leisure division which sustained further losses in the period has now been completed, and the other divisions continue to trade profitably despite the somewhat depressed market.

The interim dividend is maintained at 0.7p per 10p share—last year's total payment was 1.85p on £233,348 pre-tax profits. First-half earnings per share were 0.7p (2.8p).

Last time there were extraordinary costs of £175,000.

Bids and Deals Page 19

Mining News Page 20

# Modest rise by Siebe Gorman

IN A continuing period of unprecedented difficulties which have severely affected its wide range of customers, pre-tax profits of Siebe Gorman Holdings have edged ahead by 3.4 per cent from £1.66m to £1.72m for the six months to September 30, 1981. Turnover was virtually unchanged at £21.23m.

The group is engaged as a specialist engineer and manufacturer of protective equipment, industrial workwear and leisurewear. Despite the adverse conditions, modest improvements have been achieved in some sectors of the home market which, combined with higher profits from overseas associates, have offset the full effects of the recesion on the group's progress.

Tax charge for the six months was lower at £750,00 (£806,000) and net profits showed an increase of 13 per cent from £855,000 to £967,000. The interim dividend is unchanged at 2.51p net per 25p share — last year's total was 7.26p, on £3.51m taxable profits.

## ● comment

Siebe Gorman's verdict on the last six months is that business in the UK was still tight enough for progress to come only from watching "every nickel." Industrial clothing has been a very dull market, fortunately compensated for by a very good year in leisure wear; Siebe has about £4m of turnover in the more expensive, designer, jeans, on which it is making profits again after a small loss last year. There is also some indication of a breakthrough in the UK engineering companies, where enquiries for fire-engines and breathing apparatus are heavier than for 18 months past. Overseas associates continue to advance at a satisfying rate (though less rapidly than last year). A recent acquisition in West Germany—Rieth, which manufactures metal parts for the power generating industry—is expected to make a net contribution this year. But although five months of Rieth will bring in an extra £8m or so of sales, the cost of servicing the DM5m so far paid for the company will probably not leave a great deal at the pre-tax level. Up 2p to 180p, the shares stand on about 10½ times prospective fully-taxed earnings assuming taxable profits of about £3.6m; a yield of less than 6 per cent reinforces the impression of a slightly elevated rating.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Dubilier | 0.9 | — | 0.75 | 1.55 | 1.4 |
| Hanover Invests. ...int. | 0.7 | Feb. 12 | 0.7 | — | 1.85 |
| Norton and Wright int. | 0.5 | Feb. 5 | 0.5 | — | 1 |
| Picadilly Theatre | 3 | Feb. 6 | 2 | 3 | 2 |
| R.F.B. Group ...int. | 0.8 | March 5 | 0.8 | — | 2.8 |
| Siebe Gorman ...int. | 2.51 | April 1 | 2.51 | — | 7.26 |
| Spencer Clark | Nil | — | 1.6 | 0.4 | 2.7 |
| Sterling Inds. ...int. | 0.45 | April 1 | 0.45 | — | 1.65 |
| Burns-Anderson | 1.4 | Feb. 10 | 1.4 | 2 | 2 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months.

# Dubilier shows some recovery

TAXABLE PROFITS of Dubilier, manufacturer of electric and electronic components, finished the year to September 27 1981 marginally lower at £1.46m, compared with £1.63m, after slipping from £727,000 to £440,000 at mid year.

The directors point out that while second half earnings were greatly improved it would be unwise to take an over-optimistic view of the future—particularly in the light of he uncertain U.S. economic outlook.

Turnover for the year rose from £15.94m to £17.47m but operating profit emerged just £16,000 higher at £1.94m. Interest took £481,000 (£295,000) and after tax of £323,000 (£147,00) the net balance came through at £1.14m (£1.49m).

At the attributable level there was a deficit of £1.25m (£1m profit) but a final dividend of 0.6508p (0.7462p) raises the net total dividend from 1.397p to 1.5462p.

The directors report that the rationalisation programme has been completed with the final disposal of the remaining operations in Liverpool and elsewhere in the group, other low growth products have been eliminated.

They point out that this has released valuable resources which are being concentrated on areas of higher technology having greater long term earnings potential — particularly in the company's overseas markets.

Extraordinary items relating to the Liverpool disposals and referred to in the last interim statement amounted to £2.39m (£481,000).

Despite these costs the group has been able to continue its long term investment plans with capital expenditure on new products and equipment amounting to £1.48m.

The directors say the main UK manufacturing capacity is now concentrated in modern factories in Harlow and Frome, both of which have benefited from considerable investment in the past five years. They add that the group is well placed to return to the pattern of growth it has achieved in the past.

## ● comment

In a year of reorganisation Dubilier has experienced a drop of 10.4 per cent in pre-tax profits yet this represents a second-half recovery, with profits for that period up 13 per cent. Intense pressure from Japanese and Taiwanese imports forced the company to close down its Liverpool capacitor and resistor factories at a cost of almost £2.4m. With the workforce cut by a quarter, UK production is now based on connectors and protective devices. Dubilier's answer to falling home demand has been an export drive. Most successful subsidiary on this score has been Greenpar Connectors, which broke into the European market with export sales up 34 per cent. Flight Connector Corp, the 1980 U.S. acquisition, was hit by the slump in the aviation market, and suffered second-half losses. Over the longer term, the group's prospects may well depend on whether its world sales rights to the Atomic Energy Authority's new "ioncote" process can be translated into substantial profits. Despite gearing rising from 32 to 50 per cent, and an attributable loss of £1.25, the final dividend is raised by a fifth. The market seems to share some of the company's optimism, with the share price rising by 4p to 57p, only 1p short of its high for the year, and yielding 3.9 per cent. The fully taxed p/e of almost 24p, is one of the more demanding in the electricals sector.

# Burns Anderson profit slumps

For the 15 months to September 30 1981 Burns-Anderson returned pre-tax porfits of £133,063, compared with £1.02m for the 12 months to June 30 1980. Turnover for the period totalled £31.06m, against £29.18m.

There was a tax credit of £284,936 (£298,993 debit) and after extraordinary debits of £259,894 (nil) the attributable balance came through at £158,105 (£724,366).

Stated earnings per 10p share were well down at 3.7p (6.5p) and a same-again final dividend of 1.4p makes a net total of 2p for 15 months (2p for 12 months).

CCA adjustments reduce the profit after tax but before extraordinary items to £200,504.

After nine months historical pre-tax losses were £227,000 (£367,000 profit for six months).

Burns-Anderson is a holding company with interests in steel reinforcement, motor vehicle distribution, shop and office fittings and property investment and development.

# Spencer Clark dives into losses of £628,972

THE DRAMATIC drop in turnover at Spencer Clark Metal Industries for the year to September 30 1981 graphically illustrates the depths of recession and effects of de-stocking say the directors. Sales fell from £12.81m to £8.93m.

A deficit of £628,972 has been turned in before tax by this manufacturer of special steels and superalloys. In the last comparable period taxable profits of £609,696 were made.

The final dividend has been passed, leaving the year's total at 0.4p compared with 2.7p before.

At the halfway stage after pre-tax losses of £254,000, compared with profits of £311,000, the directors expected the full year result to end in a loss. They expected the picture to improve in the next year.

This time the directors do not as yet see a firm upswing, but they take comfort that many companies in associated fields, who experienced the recession earlier, are now reporting much improved trading conditions. They feel the company should not be far behind and should also benefit increasingly in 1982 from the stronger EEC steel industry pricing policies.

# Norton & Wright deficit

FOR THE half year to September 30 1981 Norton and Wright Group plunged from pre-tax profits of £13,381, before debiting £220,808 for redundancy and severance payments, to losses of £239,274, on lower turnover of £2.56m, compared with £3.25m.

However, there were tax credits of £126,000 (£2,000) and the net interim dividend is being maintained at 0.5 per 10p share—last year a final 0.5p was paid from taxable losses of £43,466 (£1.25m profit).

Trading conditions during the half year remained difficult but the reorganisation and rationalisation measures taken are now becoming effective and the directors are confident that the second half will "show a marked improvement" for the first two months of this period the group, which is involved in the production and distribution of lottery tickets, fund raising cards and schemes, "traded profitably and at an encouraging level."

## LONDON TRADED OPTIONS

Dec. 21. Total Contracts 654. Calls 570, Puts 84.

| Option | Ex'rcise price | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 320 | 11 | 11 | — | — | — | — | 316p |
| BP (c) | 350 | 5 | 3 | — | — | — | — | " |
| CU (c) | 130 | 6 | — | 13 | — | 17 | 1 | 126p |
| CU (c) | 160 | 2 | 20 | 5 | 9 | — | — | " |
| Cons. Gld (c) | 460 | 52 | 1 | 63 | — | 82 | — | 504p |
| Cons. Gld (c) | 500 | 19 | — | 43 | 1 | 60 | — | " |
| Cons. Gld (p) | 460 | 4 | — | 14 | — | 16 | 1 | " |
| Cons. Gld (p) | 500 | 16 | 1 | 28 | 1 | 42 | — | " |
| Ctlds. (c) | 80 | 2½ | 10 | 4½ | 7 | 8 | — | 74p |
| GEC (c) | 650 | 165 | 10 | 182 | — | 202 | — | 809p |
| GEC (c) | 750 | 65 | 3 | 90 | — | 115 | — | " |
| GEC (c) | 800 | 25 | 1 | 54 | — | 77 | — | " |
| GEC (c) | 850 | 6 | — | 26 | 3 | — | — | " |
| GEC (c) | 750 | 5 | — | 17 | 1 | 30 | — | " |
| GEC (p) | 800 | 18 | 1 | 30 | — | 42 | — | " |
| Gr'd Met. (c) | 160 | 20 | 4 | 27 | — | 33 | — | 176p |
| Gr'd Met. (c) | 180 | 8 | 2 | 13 | 6 | 21 | — | " |
| Gr'd Met. (p) | 160 | 3 | 3 | 9 | — | 10 | — | " |
| Gr'd Met. (p) | 220 | 46 | 2 | 47 | — | — | — | " |
| ICI (c) | 260 | 26 | 3 | 40 | — | 48 | — | 282p |
| ICI (c) | 280 | 12 | 2 | 30 | — | 40 | — | " |
| ICI (c) | 300 | 5 | 7 | 16 | 5 | 26 | — | " |
| ICI (p) | 280 | 8½ | 4 | 16 | — | 20 | — | " |
| ICI (p) | 300 | 20 | 11 | 26 | — | 32 | — | " |
| Land Sec. (c) | 288 | 21 | 1 | + | — | — | — | 302p |
| Mks. & Sp. (c) | 120 | 8½ | 3 | 15½ | 8 | 20 | — | 126p |
| Mks & Sp (c) | 130 | 5 | 23 | 8 | 17 | 15 | 15 | " |
| Shell (c) | 360 | 44 | 23 | 62 | — | 72 | — | 400p |
| Shell (c) | 390 | 22 | 1 | 38 | — | 50 | — | " |
| Shell (c) | 420 | 7 | — | 20 | 27 | 32 | 2 | " |
| Shell (p) | 360 | 4 | — | 10 | 2 | 12 | — | " |
| Shell (p) | 390 | 8 | 25 | 18 | — | 20 | — | " |
| Shell (p) | 420 | 24 | 16 | 28 | — | 30 | — | " |
| | | February | | May | | August | | |
| Barclays (c) | 420 | 30 | 10 | 35 | — | 50 | — | 428p |
| Barclays (c) | 460 | 10 | — | 17 | — | 32 | 1 | " |
| Imperial (c) | 60 | 13½ | 2 | 15½ | — | 17 | — | 71p |
| Imperial (c) | 70 | 7 | 50 | 8 | 100 | 11½ | — | " |
| Imperial (c) | 80 | 2½ | — | 4 | 50 | 5½ | — | " |
| Imperial (p) | 70 | 4½ | 9 | 6 | — | 7½ | — | " |
| Lonrho (c) | 80 | 4 | — | 7 | — | 8 | 26 | 75p |
| P & O (c) | 120 | 16 | 20 | 16 | — | 24 | — | 129p |
| P & O (c) | 130 | 10 | 25 | 13 | — | 17 | — | " |
| P & O (c) | 140 | 6 | 10 | 9 | 15 | — | — | " |
| Racal (c) | 390 | 53 | 2 | 67 | — | 80 | — | 426p |
| Racal (c) | 420 | 32 | 2 | 47 | — | 60 | — | " |
| Racal (p) | 390 | 10 | 1 | 13 | 5 | 23 | — | " |
| Racal (p) | 420 | 20 | 1 | 25 | — | 33 | — | " |
| RTZ (c) | 420 | 65 | 8 | 80 | — | 97 | — | 457p |
| RTZ (c) | 500 | 20 | — | 35 | 5 | 50 | — | " |
| RTZ (c) | 600 | 8 | 13 | 15 | 5 | — | — | " |
| Vaal Rfs (c) | 70 | 4¼ | — | 6 | — | 7½ | 1 | $68 |

C=Call P=Put

# RFD falls but pays same

BOTH TURNOVER and pre-tax profits of RFD Group, cable components and textiles concern, were down for the half year ended September 30 1981.

The pre-tax surplus slipped from £373,000 to £355,000 on turnover of £12.14m, against £13.63m, but the interim dividend is maintained at 0.8p net per 10p share—last year's final was 2p paid from a taxable surplus of £813,000.

The directors say that profits for the full year greatly depend on the timing of large deliveries against overseas contracts. There are signs, however, that the worst of the recession is over and with the improved prospects in textiles, the directors expect that the group's profits for the second half will exceed those of the first six months.

Pre-tax profits were struck after interest of £233,000 (£398,000). Tax took £95,000 (restated £80,000) and after minorities and exchange differences, the attributable surplus was ahead by £26,000 to £285,000. Stated earnings per share were 1.67p (1.97p).

## ● comment

Shareholders received due warning of a drop in first-half earnings at RFD's annual meeting last September. Yesterday's slim 5 per cent decline prompted the market to push up the shares 3p to 42p where they are supported by a prospective yield of 9.7 per cent. Full recovery for the group continues to look some way off. Coatings and cable components have come back down to earth and should contribute a third of last year's £925,000 in the full year. Defence has picked up again thanks to improvement in the simulator business. Safety and survival has slumped in the year due to decreased UK demand while textiles is expected to break even in the year. Borrowings have been reduced somewhat, helping to bring income gearing down to 40 per cent from last year's worrying 68 per cent. It's difficult to say when RFD's hotch-potch of businesses will pull together as a unit but the shares, at a 50 per cent discount to net asset value, adequately reflect this. Market capitalisation is less than £5m.

## STRONG AND FISHER

The underwriters of the recent £2.6m Strong and Fisher rights issue will be picking up 30.36 per cent of the issue. Shareholders accepted 69.64 per cent of the rights, which was a one-for-one issue pitched at 50p a share. Shares yesterday closed at 51p.

Underwriters to the issue are London Trust, English Association Trust, County Bank and Equity Capital for Industry. Strong and Fisher, manufacturer of clothing and fashion leathers, has been in loss for the past two years. The rights issue was undertaken to strengthen the company's capital base.

# Cash injection for TMG

The troubled TMG group is to receive an injection of I£6.75m from Foir Teo, the Irish State-backed industrial rescue service, the Industrial Development Authority, Jefferson Smurfit and the group's bankers.

About I£5.25m of the new cash will be equity.

At the same tie TMG is proposing to raise £1.75m through an underwritten rights issue of £7.03m new convertible preference shares of 25p each. Mr Michael Smurfit and Mr Maurice Buckley, founders of the company, have agreed to take up 1.6m of the new shares.

Of the remainder Foir Teo will subscribe £1.75m. The IDA has agreed to buy and re-lease company property in Waterford and Dublin for £1.5m. TMG also proposes to convert 10 per cent convertible subordinated unsecured loan stock 1992 into "A" ordinary shares.

The banks have agreed to use interest paid and payable by the group to subscribe for the new preference shares up to £1.75m. They will also commit facilities totalling £8m to the group until the end of 1985.

Unaudited results of TMG for the six months to June 30 show losses of £596,000. Losses for the second half "are slightly worse."

Extraordinary losses of £1m are expected in 1981, consisting mainly of writedowns on certain investments and the costs of reconstruction.









| 1980-81 High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 118 | 100 | ABI Hldgs. 10pc CULS | 118 | — | 10.0 | 8.5 | — | — |
| 76 | 39 | Airsprung | 68 | +1 | 4.7 | 6.9 | 10.8 | 14.9 |
| 52 | 21 | Armitage and Rhodes | 44 | — | 4.3 | 9.8 | 3.7 | 8.3 |
| 200 | 92½ | Bardon Hill | 199 | +1 | 9.7 | 4.9 | 9.7 | 11.8 |
| 104 | 88 | Deborah Services | 88 | — | 5.5 | 6.3 | 4.4 | 8.3 |
| 126 | 88 | Frank Horsell | 124 | — | 6.4 | 5.2 | 11.2 | 27.0 |
| 110 | 39 | Frederick Parker | 66 | +1 | 1.7 | 2.6 | 28.7 | — |
| 110 | 46 | George Blair | 47 | — | — | — | — | — |
| 102 | 93 | IPC | 99 | −1 | 7.3 | 7.4 | 7.5 | 10.8 |
| 113 | 59 | Jackson Group | 98 | — | 7.0 | 7.1 | 3.1 | 7.0 |
| 130 | 103 | James Burrough | 114 | — | 8.7 | 7.6 | 8.3 | 10.5 |
| 334 | 244 | Robert Jenkins | 261 | −2 | 31.3 | 12.0 | 3.6 | 9.2 |
| 59 | 50 | Scruttons "A" | 54 | — | 5.3 | 9.8 | 6.3 | 7.7 |
| 224 | 167 | Torday and Carlisle | 167 | — | 10.7 | 6.4 | 6.4 | 8.9 |
| 23 | 8 | Twinlock Ord. | 13 | — | — | — | — | — |
| 90 | 68 | Twinlock 15pc ULS | 73 | — | 15.0 | 20.5 | — | — |
| 56 | 30 | Unilock Holdings | 30 | −1 | 3.0 | 10.0 | 5.4 | 9.8 |
| 103 | 77 | Walter Alexander | 77 | — | 8.4 | 8.3 | 5.1 | 9.0 |
| 263 | 191 | W. S. Yeates | 214 | +2 | 13.1 | 6.1 | 4.1 | 8.2 |

THE TRING HALL USM INDEX
117.4 (+0.2)
close of business 21/12/81
BASE RATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX
Close 517-522 (−3)

OIL INDEX
January Refined $43.50
March Refined $42.75

# BIDS AND DEALS

## RTZ offer for Ward extended

Rio Tinto-Zinc Corporation has extended until January 8 its bid for Thos W. Ward, the industrial holding company. Acceptances had been received on behalf of 2.6 per cent of the shares by the first closing date last Friday, giving RTZ a total stake so far of 17.98 per cent in Ward.

Mr Peter Frost, Ward's chairman, claimed yesterday that the response of his shareholders had vindicated their board's view that the offer—of 9½ per cent convertible loan stock in RTZ with a full cash alternative of 190p per Ward share—was "both unwelcome and grossly underpriced."

Ward's shares closed down 4p at 200p while RTZ closed down 8p at 455p. Shares in Tunnel Holdings, which is 42 per cent owned by Ward, were unchanged at 510p.

RTZ's advisers, Morgan Grenfell, said they remained confident that Ward shareholders would accept their bid. The institutions were indulging in some brinkmanship over the price but now faced the alternative of a weaker share price for Ward "with every prospect of more weakness in the event of a Ward bid for Tunnel which seems generally expected."

### SHARE STAKES

Moss Engineering—Biwater has acquired, through the market, a further 13,633 ordinary shares; it has now acquired a total of 769,632 (12.5 per cent).

Mothercare—On Friday Habitat bought 200,000 Mothercare shares at 172½p.

British Dredging—Colguy Holdings now holds 1,380,156 ordinary shares (8.00 per cent).

Brown and Jackson—Sterling Holdings acquired 1m ordinary shares and now holds 4,273,627 shares (21.3 per cent).

Barratt Developments—Mr L. A. Barratt, director, disposed of 850,000 ordinary shares on December 15.

Speedwell Gear Case—Astra Industrial Group now holds 236,964 ordinary shares (24.7 per cent). In addition, chairman of Astra Mr D. G. Dukes, has bought a further 50,000 shares, 10,000 of these to be registered in his own name (5.2 per cent) and 40,000 in the name of a company controlled by his children (non-beneficial) (4.1 per cent).

Queens Moat Houses—E. R. Barey, director, disposed of 500,000 shares and now holds 1,257,467.

### LOW & BONAR

In two cash deals totalling A$875,000 (£530,000) Low and Bonar has expanded its travel operations in Australia by acquiring additional retail and wholesale outlets.

*It has paid A$625,000* (£380,000) to buy Gordon Travel Centre (Pty) which has four offices—two in Sydney, one each in Melbourne and Perth—in both *retail travel and the wholesaling* of specialised tours to travel agents in Australia and New Zealand.

It has further paid A$250,000 (£150,000) for six Norman Ross Travel retail outlets. Low and Bonar will also have an option to establish travel businesses in all the 50 branches of the couuntry-wide Norman Ross department stores chain. Both deals are subject to approval from the Foreign Investment Review Board.

Low and Bonar already owns 10 retail travel agencies in Australia, over 50 outlets in the UK trading principally as Nairn travel and two agencies in Zambia.

## Interest in Belhaven rises to 8.6%

John Lawrence, an unquoted company, has increased its shareholding in Belhaven Brewery, the Miss World, packaging, beer and leisure group headed by Mr Eric Morley, to 1.87m shares (8.6 per cent). Belhaven's shares closed yesterday 1p down at 19p, valuing the shareholding at £355,200.

John Lawrence is a family-owned company based in Glasgow which has had interests in the building sector and has operated a chain of off-licences. It built up its holding in Belhaven following the sale of shares in the group by Mr Morley and Sir Fred Pontin, recently resigned from Belhaven's board.

John Lawrance has also been associated with Mr Morley through Mr Morley's ownership of Nite Spot, a dancing and banqueting centre at Glasgow Rangers' football stadium. One of John Lawrence's directors sits on the board of the football club.

Earlier this year the Belhaven group rescinded a conditional contract to take over Nite Spot, claiming that it had not had time to assess the business under normal trading conditions.

### POLYFILMS

The liquidator of Polyfilms, Mr Raymond Hocking of Stoy Hayward and Partners, has sold the company's assets in witness to Nyborg Plastics, a UK subsidiary of the Dutch company AS Nyborg Plast in a £0.5m deal.

Many of the former employees have been offered re-employment with the new company. Polyfilms was an extruder of polyethylene.

## Leigh Interests in £0.9m deal

Leigh Interests, the waste disposal and builder's merchant group, yesterday announced that it had purchased the whole of the share capital of Progressive *Waste Disposal Progressive Technical* Service and Kemkleen, which form the Progressive group, for £900,000 in cash.

Of the total consideration £650,000 will be paid on completion, the balance on May 1 1983.

Mr John Eades, Leigh's deputy chairman, said that the acquisition was part of his company's restructurisation plans. "We want to relinquish certain activities which are not over profitable and move into ones that are," he said.

Until now, Leigh's most profit*able division had been its waste* disposal activities and it is hoped that the acquisition will increase its share of this market in the North West of England. *Leigh's other main activities are* coal transportation and vehicle distribution.

In the six months to September 30 1981, Leigh's pre-tax profits *fell* from *£610,000* to £320,000.

### BROOKS WATSON

*Brooks Watson Group* has agreed to the sale of its builders' providers division to Rauma-Repola Oy, a Finnish public company.

Consideration consists of a payment of £675,000 for the share capital of the companies, which had a net asset value of £2.85m at December 31 1980. In addition, long-term loans of £2.28m made by Brooks Watson Group to the companies comprising the builders' providers division, will be repaid.

### WM. MOWAT

John Siddall nd Son, acting on behalf of Mr E. Kearns announces that valid acceptances have been received for 140,240 ordinary shares (14.02 per cent) of Wm. Mowat and Sons.

She offer is extended until January 5.

### CRANE HIRE BUY-OUT

The acquisition of the business of Caledonia Crane Hire by a company funded by Standard Chartered Bank, the Scottish Development Agency and Industrial and Commercial Finance Corporation is *announced*.

Caledonia was part of the Richards and Wallington Industries group to which receivers were appointed at the beginning of July.

The sale by the joint receivers, Mr Gordon Anderson and Mr Gordon Horsefield, is in effect a management buy-out by Mr Jim Robertson, the managing director of the old company.

The business will trade under the Caledonia Crane Hire name and wil continue to operate the Paisley, Peterhead, Aberdeen and Falkirk depots.

### BACKING FOR COATED PAPER CO.

The National Coal Board Pension Funds and Citicorp Development Capital, the UK arm of Citicorp's U.S.-based development capital activity, are backing a new company which is investing close on £1m in a paper coating plant at Cheddleton, Staffordshire.

The new company is Coated Papers, which has taken over the business of the Macclesfield-based Backhouse and Coppock Mill and rehoused the operation in a freehold 37,000 sq ft single-storey manufacturing plant 14 miles away.

This new production plant has a potential output of 30m square metres a year of specialist coated papers.

Coated Papers has an equity capital of £200,000 with the two institutions each holding a 30 per cent stake and the remaining 40 per cent spread among executive directors. The institutions are also jointly providing a £450,000 term loan and National Westminster Bank has agreed to make a term loan of £100,000 and an overdraft facility of £200,000 available.

This is the first joint investment between the NCB and Citicorp.

### CORNELIUS BOARD APPROVES MERGER

The board of Cornelius Company of Minneapolis, U.S., has approved the previously announced merger with IMI, for which its shareholders will receive $16.5 per share.

The Cornelius board has also approved a non-compete and consulting agreement between Paulucci Enterprises and Cornelius as required by the merger. Cornelius says the merger is to be submitted to shareholders for a vote in February 1982.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Feb. Vol. | Feb. Last | May Vol. | May Last | Aug. Vol. | Aug. Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $400 | 2 | 30 | 10 | 45.50 | — | — | $411 |
| GOLD C | $425 | 11 | 15 | 4 | 31 A | — | — | " |
| GOLD C | $450 | 3 | 7.50 A | 5 | 20 A | — | — | " |
| GOLD C | $475 | 80 | 2.50 | 2 | 11.50 | — | — | " |
| GOLD P | $375 | — | — | 10 | 7.50 | — | — | " |
| GOLD P | $400 | — | — | 13 | 13.50 | — | — | " |
| GOLD P | $425 | 1 | 21 | — | — | — | — | " |
| GOLD P | $475 | 10 | 61 B | — | — | — | — | " |
| 12 NL 81 85-88 | | | | | | | | |
| P F.102.50 | | 20 | 1.60 | — | — | — | — | F.101.90 |
| 10¾ NL 80 85-95 | | | | | | | | |
| C F.97.50 | | — | — | — | — | 10 | 12.10 | F.98.10 |
| | | Jan. | | April | | July | | |
| ABN C | F.280 | — | — | 1 | 16 | — | — | F.284.50 |
| ABN C | F.300 | 4 | 1 | — | — | — | — | " |
| AKZO C | F.22.50 | 40 | 0.60 | — | — | — | — | F.22.30 |
| AKZO C | F.25 | — | — | 24 | 1.10 | — | — | " |
| AKZO C | F.27.50 | — | — | 10 | 0.30 | — | — | " |
| AKZO P | F.22.50 | 30 | 0.50 | 27 | 1.20 | — | — | " |
| AKZO P | F.25 | — | — | — | — | 10 | 3 | " |
| AKZO P | F.27.50 | 3 | 5.20 | — | — | — | — | " |
| AMRO C | F.55 | 5 | 1 | — | — | 2 | 2.30 | F.54.40 |
| HEIN C | F.50 | — | — | 2 | 1.80 | — | — | F.46.80 |
| HEIN C | F.55 | 1 | 0.30 | — | — | — | — | " |
| HOOG C. | F.17.50 | — | — | 14 | 0.90 | — | — | F16.70 |
| IBM C | $60 | — | — | 2 | 2⅛ | — | — | $57 |
| KLM C | F.90 | 44 | 7.30 | — | — | — | — | F.96 |
| KLM C | F.100 | 104 | 2 | 45 | 9 | — | — | " |
| KLM C | F.110 | 50 | 0.60 | — | — | 1 | 7.10 | " |
| KLM C | F.130 | 100 | 0.10 | — | — | — | — | " |
| KLM P | F.80 | — | — | 12 | 1.10 | — | — | " |
| KLM P | F.90 | 21 | 1.20 | 10 | 3.70 A | 2 | 5 | " |
| KLM P | F.100 | — | — | 10 | 8 B | — | — | " |
| NEDL C | F.140 | 3 | 2.80 | 8 | 8.20 | — | — | F.139.50 |
| NEDL P | F.150 | — | — | — | — | 20 | 7 | " |
| NEDL P | F.140 | — | — | 20 | 6.50 | — | — | " |
| PETR C | Fr.4000 | — | — | — | — | 21 | 280 | Fr.4720 |
| PETR C | Fr.4286 | 4 | 500 | — | — | — | — | " |
| PHIL C | F.20 | — | — | 22 | 1.30 | 10 | 1.70 | F.19.60 |
| PHIL C | F22.50 | — | — | 145 | 0.60 | 50 | 0.80 | " |
| PHIL C | F.25 | — | — | 5 | 0.30 | — | — | " |
| PHIL P | F17.50 | — | — | — | — | 11 | 0.60 | " |
| PHIL P | F.20 | — | — | 2 | 1.10 | 20 | 1.0 | " |
| RD C | F.80 | 40 | 7.80 | 2 | 10.80 | — | — | F.86.50 |
| RD C | F.90 | 60 | 1.40 | 59 | 5.50 | 3 | 6.80 | " |
| RD C | F.100 | 21 | 0.20 B | 37 | 2.20 | — | — | " |
| RD P | F.80 | 21 | 0.30 | 40 | 1.50 | — | — | " |
| RD P | F.90 | 30 | 4.20 B | 5 | 6 | 3 | 7.50 | " |
| RD P | F.100 | — | — | 5 | 14 | — | — | " |
| UNIL C | F.130 | 2 | 19.80 A | — | — | — | — | F.148.70 |
| UNIL P | F.150 | 1 | 2 | — | — | — | — | " |
| UNIL P | F.160 | 4 | 0.10 | 2 | 3.50 | — | — | " |

TOTAL VOLUME IN CONTRACTS: 1412

A=Asked B=Bid C=Call P=Put

### BREMAR TRUST

*Bremar Trust has completed* arrangements with Mr R. Unger to acquire from him a 50 per cent stake in Roderic Unger and Partners.

RUP recruits executives and specialist personnel for construction projects overseas.

Profit before tax of RUP for the nine months to March 31 1981 were £1,400, and net assets were £1,089. Net revenue before tax of BT for the six months to September 30 1981 were £115,065 (year ended March 31 1981 £109,202).

BT paid £75,000 for its 50 per cent stake.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 14½% | Grindlays Bank | ‡14½% |
| Allied Irish Bank | 14½% | ■ Guinness Mahon | 14½% |
| American Express Bk. | 14½% | ■ Hambros Bank | 14½% |
| Amro Bank | 14½% | Heritable & Gen. Trust | 14½% |
| Henry Ansbacher | 14½% | ■ Hill Samuel | §14½% |
| Arbuthnot Latham | 14½% | C. Hoare & Co. | †14½% |
| Associates Cap. Corp. | 15 % | Hongkong & Shanghai | 14½% |
| Banco de Bilbao | 14½% | Knowsley & Co. Ltd. | 15 % |
| BCCI | 14½% | Lloyds Bank | 14½% |
| Bank Hapoalim BM | 14½% | Mallinhall Limited | 14½% |
| Bank of Cyprus | 14½% | Edward Manson & Co. | 15½% |
| Bank Street Sec. Ltd. | 16 % | Midland Bank | 14½% |
| Bank of N.S.W. | 14½% | ■ Samuel Montagu | 14½% |
| Banque Belge Ltd. | 14½% | ■ Morgan Grenfell | 14½% |
| Banque du Rhone et de la Tamise S.A. | 15 % | National Westminster | 14½% |
| Barclays Bank | 14½% | Norwich General Trust | 14½% |
| ■ Beneficial Trust Ltd. | 15½% | P. S. Refson & Co. | 14½% |
| Bremar Holdings Ltd. | 15½% | Roxburghe Guarantee | 15 % |
| Bristol & West Invest. | 16 % | E. S. Schwab | 14½% |
| Brit. Bank of Mid. East | 14½% | Slavenburg's Bank | 14½% |
| ■ Brown Shipley | 15 % | Standard Chartered | ‖14½% |
| Canada Perm't Trust | 15 % | Trade Dev. Bank | 14½% |
| *Cavendish G'ty T'st Ltd.* | 15½% | Trustee Savings Bank | 14½% |
| Cayzer Ltd. | 15 % | TCB Ltd. | 14½% |
| Cedar Holdings | 15 % | United Bank of Kuwait | 14½% |
| ■ Charterhouse Japhet | 15 % | Whiteaway Laidlaw | 15 % |
| Choulartons | 15½% | Williams & Glyn's | 14½% |
| Citibank Savings | ¶15 % | Wintrust Secs. Ltd. | 14½% |
| Clydesdale Bank | 14½% | Yorkshire Bank | 14½% |
| C. E. Coates | 15 % | | |
| Consoliated Credits | 15 % | | |
| Co-operative Bank | *14½% | | |
| Corinthian Secs. | 14½% | | |
| The Cyprus Popular Bk. | 14½% | | |
| Duncan Lawrie | 14½% | | |
| Eagil Trust | 14½% | | |
| E.T. Trust | 15 % | | |
| First Nat. Fin. Corp. | 17 % | | |
| First Nat. Secs. Ltd. | 17 % | | |
| Robert Fraser | 15 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13¼%.
‡ Call deposits £1,000 and over 12¼%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

# World International (Holdings) Limited

## Interim Report for the half year ended 30th Sept, 1981

**Group profit**

The unaudited Group profit attributable to shareholders of the company, for the six months ended 30th September, 1981 amounted to HK$340.9 million, representing an increase of 256% over HK$95.7 million achieved in respect of the same period in the previous year. Net operating profit improved by 240% to HK$215.0 million from HK$63.2 million and profits attributable to extraordinary items were HK$125.9 million against HK$32.5 million. Earnings per ordinary share, based on the net operating profit before extraordinary items, were 15.9 cents, up 5.5 cents or 53% from an adjusted 10.4 cents achieved in the corresponding period of last year.

**Half year results (unaudited)**

| Six months ended 30th September | 1981 HK$ million | 1980 HK$ million |
|---|---|---|
| Operating profit | 147.4 | 55.0 |
| Share of operating profits for associated companies | 67.6 | 8.2 |
| Net operating profit for the period | 215.0 | 63.2 |
| Extraordinary items | 125.9 | 32.5 |
| Profits attributable to shareholders of the company | 340.9 | 95.7 |
| Earnings per ordinary share (1980—as adjusted for the one-for-five bonus issue) | 15.9 cents | 10.4 cents |

**Interim dividend**

The Board has declared an interim dividend of 4.5 cents per ordinary share, payable on 21st January, 1982 to shareholders on record as at 15th January, 1982. This represents an increase of 36% over the adjusted interim dividend of 3.3 cents paid in respect of the equivalent period last year.

**Register of members**

The register of members will be closed from 6th January to 15th January, 1982, both days inclusive, and in order to qualify for the interim dividend all transfers, accompanied by the relevant share certificates, should be lodged with the company's registrars, Central Registration Hong Kong Limited, not later than 4.0 p.m. on 15th January, 1982.

**Highlights**

- During the period under review and to the date of this interim report, a total of 8 vessels (built between the years 1964 to 1976) were disposed of at a profit. Newbuildings delivered include three medium-size tankers, one large, two handy-size and one Panamax bulk carriers for which charters have been secured.
- The acquisition of a further 10% interest in the Hong Kong and Kowloon Wharf and Godown Company, Limited ("Wharf"), according to the proposal announced in May 1980, was completed as of 1st October, 1981, increasing the Group's holding in Wharf to 45%.
- Wharf's interim announcement reported a total profit of HK$255.0 million and an operating profit of HK$117.7 million being a 27.3% growth for the half year period to 30th June, 1981. Total operating profit for 1981 was forecast to be not less than HK$300 million, an increase of 32.9% from 1980.
- On 23rd November, 1981 proposals were announced for the merger of the Company with Wharf by means of a Scheme of Arrangement under the Companies Ordinance. The Directors recommended acceptance of these proposals as being in the best interests of the Company's shareholders. After the announcement, a change in the proposals was approved by the Board of Wharf which effectively meant that a material delay was to be introduced before the shareholders of Wharf were to pronounce on the scheme. In the light thereof, the principal shareholder withdrew his support of the proposals and your Board, after due consideration, concluded that the merger scheme could not proceed.

**Forecast for the full year**

The Directors forecast that, in the absence of unforeseen circumstances, the profits attributable to shareholders, before extraordinary items, for the year ending 31st March, 1982 will amount to not less than HK$455 million and that the total recurrent dividend per ordinary share on the increased capital will not be less than that paid in the year 1980/1981.

By Order of the Board,
World-Wide Secretaries Limited
Secretaries

Hong Kong, 18th December, 1981.

**WORLD INTERNATIONAL (HOLDINGS) LIMITED**

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Reviews by the chairmen of the Orange Free State gold mining companies administered by Anglo American Corporation

## *"Crucial negotiations between the Chamber of Mines, officials' associations, and unions must produce a workable industrial relations structure within the mining industry."*

*The following is an abridgement of the text common to the annual reviews for 1981 of Mr D A Etheredge, chairman of President Brand, President Steyn and Free State Saaiplaas and Mr G Langton, chairman of Free State Geduld, Western Holdings and Welkom:*

**Gold**

The price of gold averaged $512 an ounce at the London fixings in the year ended 30 September 1981, compared with $561 during the previous year, a decline of nine per cent. The average gold price received during the year was R13 549 a kilogram as against R14 208 during the previous year, a drop of only 4.6 per cent reflecting the sharp fall in the value of the rand against the US dollar during the second half of the year.

Against a background of political unrest in the Middle East and Eastern Europe, a weak dollar and low interest rates, the year opened quite strongly for gold. However, from $680 the dollar price of gold declined steadily to reach a low point of $390 at the beginning of August, then recovered and was $430 at the financial year-end.

Apart from the impact of any major political disasters which may occur in the rest of the world, the gold price is heavily dependent upon the economic fortunes of the United States. There appears to be serious concern that a depression is around the corner and the price of gold has again fallen below $400. The problem in the economy has on the other hand, led to a lively debate in the US on the part that gold could play in bringing discipline into the monetary system and there is even talk of a return to the gold standard. Although such a development must be regarded as highly unlikely, some link between gold and the dollar might be devised by the US Congressional Gold Commission. Whilst this must, in a general sense, be 'good' for gold, the impact on the market cannot be foreseen without knowing precisely what will be implemented.

**Uranium**

The uranium market continued to weaken during the year. This was partly a result of the ongoing enforced inventory liquidation by US electric utility companies in a market already weakened by perceptions of projected oversupply.

As a result, a number of higher-cost uranium producers, particularly in the US, which represented a significant proportion of world production, have become uneconomic and been forced to curtail or cease their operations. In addition, a number of new projects have been deferred or cancelled. It will require a considerable price increase before these production facilities will be utilised.

Nevertheless, despite the consequent shortening of the period until projected supply and consumption are again in balance, lead times for new nuclear reactors remain long and it will probably be several years before any real price improvement is seen.

**Labour**

In a year in which South African industry, in general, was faced with a fair number of stoppages and strikes, mainly by members of new black trade unions which are inevitably flexing their muscles, the mining industry was virtually trouble-free. It seems clear, however, that we will make an error in taking for granted that our black employees necessarily view employee benefits in the same light as whites. While some blame, no doubt, attaches to ineffectual communication, it is nevertheless true that a major riot occurred at President Steyn as a result of the introduction of a death benefit scheme. Further, a well-intended attempt by Government to introduce a scheme for the transferability of pensions has incurred widespread unrest in industries outside mining.

Trade unionism amongst blacks has grown considerably during the year and was given an additional spurt by the passing of the Labour Relations Act which gave unions the right to determine their membership and freedom to blacks to form unions. Thus far, no black trade unions have sprung up in the mining industry. However, the mining industry was the focus of the final report of the Wiehahn Commission which, to the degree it was accepted by Government, provides that the racial provisions which exclude blacks from attaining various certificates of competency—and thus the jobs that go with them—will be removed, provided the employers and the predominantly white trade unions can reach an accord on a series of guarantees with regard to the future of their current members.

We have accepted this challenge and negotiations have started between the Chamber of Mines, representing all gold and coal mines, and the officials' associations and unions operating in the mining industry. It would be foolish to suggest that these negotiations will be anything other than protracted and difficult, but when they are concluded we should have a workable industrial relations structure within the industry, a white labour force whose fears have been alleviated, black workers whose aspirations can be met and an entirely non-racial approach to the filling of jobs on the mines.

This mine and the others administered by the Corporation, have for many years been determined to improve employment practices, industrial relations and working and living conditions. The system of Industrial Relations audits which determines the extent to which each mine has met the targets it has set itself for each year has now reached the point where it is intended that we will comment in the annual report on the progress which has been made, bearing in mind the financial and other circumstances of the company.

**SUMMARY OF OPERATIONS**

| | Free State Geduld 1981 | Free State Geduld 1980 | President Brand 1981 | President Brand 1980 | President Steyn 1981 | President Steyn 1980 | Western Holdings* 1981 | Western Holdings* 1980 |
|---|---|---|---|---|---|---|---|---|
| GOLD Tons milled 000's | 2 978 | 2 959 | 3 344 | 3 328 | 3 859 | 3 779 | 7 902 | 7 236 |
| Yield—grams/ton | 9.34 | 11.50 | 8.19 | 9.18 | 6.35 | 6.91 | 5.45 | 6.20 |
| Production (kg) | 27 813 | 34 036 | 27 397 | 30 544 | 24 503 | 26 095 | 43 039 | 44 882 |
| Cost Rand/ton milled | 45.88 | 38.53 | 39.36 | 30.60 | 39.00 | 32.92 | 32.82 | 28.54 |
| Cost Rand/kg produced | 4 913 | 3 350 | 4 804 | 3 334 | 6 142 | 4 768 | 6 025 | 4 601 |
| Revenue Rand/kg | 13 617 | 14 023 | 13 535 | 14 135 | 13 532 | 14 426 | 13 524 | 14 270 |
| Working Profit R000's | 243 242 | 365 138 | 240 361 | 331 577 | 182 170 | 253 472 | 324 398 | 436 222 |
| Capital expenditure R000's | 96 240 | 86 569 | 55 426 | 80 032 | 37 885 | 31 625 | 87 673 | 66 790 |
| Dividends cents per share | 610 | 950 | 595 | 695 | 515 | 665 | † | † |
| JOINT METALLURGICAL SCHEME Attributable profit R000's | 5 929 | 5 807 | 23 391 | 13 227 | 14 544 | 9 888 | 4 372 | 13 227 |

*The results have been prepared on a consolidated basis for the Erfdeel, Holdings, Saaiplaas and Welkom divisions.
†On account of different issued share capitals involved a consolidated figure is meaningless.

The annual general meetings of these companies, all of which are incorporated in the Republic of South Africa, will be held at 44, Main Street, Johannesburg, South Africa, on 28 January, 1982. Full copies of each of the chairmen's reviews together with the annual reports of all the companies may be obtained from their London office at 40, Holborn Viaduct, EC1P 1AJ, or from the office of the United Kingdom Transfer Secretaries, Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

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Companies and Markets

# MINING NEWS

## Anglo group buys $115m South American assets

BY KENNETH MARSTON, MINING EDITOR

THE South African Anglo American Corporation, De Beers and Minerals and Resources (Minorco) grouping is significantly to broaden its South American interests by a U.S.$115m (£61m), purchase of mining assets in Chile, Brazil, Peru and Argentina.

The Oppenheimer interests are to acquire a 40 per cent stake in Empress Sudamericanas Consolidadas which holds all the South American assets of a private company, Consolidated

The agreement reached with CMI also provides for a $25m preference share issue by Empresas which will be subscribed as to 60 per cent by CMI and 40 per cent by the three Oppenheimer group companies.

The 40 per cent of Empresa to be acquired by the last-named group will be held by a joint company in which Anglo American and De Beers will have 75 per cent and the remaining 25 per cent will go to Minorco.

Minorco will issue 3.8m new ordinary shares (there are now some 160m shares in issue) to the joint company in exchange for its 25 per cent stake in the latter.

The three shareholders in the joint company will pass on cash to it proportions of the $10m of preference capital in Empresa which is to be subscribed for by the joint company.

The Empress assets cover the production of copper, silver, tungsten, nickel, niobium, phosphates, fertilisers and some metallurgical activities.

The principal interests include investments in the Mantos Blancos copper mine in Chile; the Codemin nickel project in Brazil, in which Anglo American and associates already hold 35 per cent; the Catalao columbium mine in Brazil; the Arcata silver mine in Peru; and Petrosur, an Argentinian based producer of fertilisers.

The interests of CMI outside South America, which include world-wide trade in metals and minerals carried on under Hochschild Trading Corporation and its subsidiaries, are not affected by the association in South America.

## Inflation hopes for OFS gold mines

THE LATEST CROP of annual reports from the gold mines controlled by the Anglo American Corporation of South Africa in the Orange Free State have little to say about prospects for the coming year.

Operating costs are clearly still the major problem, as all of the mines include a reference to the efforts of the South African Government to bring down the inflation rate.

All of the chairmen say that to date, the measures introduced to reduce the rate of inflation have had little impact, but it is hoped that during 1982 there will be a meaningful drop from the unacceptably high levels experienced over the past two years.

So far as production is concerned, there seems likely to be no significant change. Free State Geduld predicts no change in the average grade of gold produced at around 9 grammes of gold per tonne, President Steyn forecasts an increase to about 6.4 grammes, while President Brand and Western Holdings both expect slight falls to 7.7 grammes and 5.3 grammes respectively.

All of the Anglo group mines mention the study commissioned earlier this year by Anglo on the future world price of gold, prepared by Dr Horace "Woody" Brock.

The reports conclude that while Dr Brock's work can only constitute a forecast, it has nevertheless brought new discipline to bear on the subject, and has every possibility of proving more reliable than previous methods.

Dr Brock predicted that there was an 85 per cent chance of the gold price achieving an average annual growth rate of 6 per cent in real terms between now and 1987.

Turning to industrial relations, the reports note that the latest submission from the Wiehahn Commission focussed on the mining industry, and provided that the racial provisions which exclude blacks from attaining various certificates of competency — and thus the jobs that go with them — will be removed, if agreement can be reached with the predominantly white trade unions.

The chairmen say that this challenge has been accepted by the mining industry, and while the consequent negotiations are expected to be protracted and difficult, they should bring about a workable industrial relations structure within the industry.

This should result in a white labour force whose fears have been alleviated, black workers whose aspirations can be met and an entirely non-racial approach to the filling of jobs in the mines, the chairmen say.

## Amal Tin omits dividend

FOLLOWING THE omission of an interim dividend, Amalgamated Tin Mines of Nigeria has decided to pass the final in respect of the year ended March 31.

Mr Abdul Aahim Aki, chairman of the London holding company Amalgamated Tin Mines of Nigeria (Holdings), said in his annual statement that the company's loss was greater than anticipated, due primarily to increased mining costs combined with a low tin price.

The loss of the London holding company was reduced by interest on the UK cash deposits.

ATMN (Holdings) is in fact considering its position in respect of the 40 per cent holding in the Nigerian tin producer, as, in the words of the chairman, the "present and future position of ATMN cannot be regarded as propitious."

Operations are still not proving economic despite the considerable improvement in the tin price, and it seems unlikely that any return to profitability or the payment of a dividend can be achieved within the foreseeable future.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Forminster, Hesketh Motorcycles, Scottish and Newcastle Breweries.

Finals: Cronite, Grand Metropolitan, Trident Television.

FUTURE DATES

Interims—

Magnet and Southerns ....... Jan 13

## Randfontein's final is 400c

A FINAL dividend of 400 cents (219p) for 1981 is declared by the South African gold and uranium-producing Randfontein Estates. Well up to expectations, it brings the total for the year to 750 cents compared with 1,100 cents for 1980.

Less satisfactory are finals of 20 cents from Western Areas and 13 cents from the holding company Elsburg. The former's payment makes a total of 40 cents compared with 120 cents for 1980 while that of the latter makes 26 cents against 78 cents.

## UEI returns to market at 240p per share

The shares in United Engineering Industries returned at 240p yesterday from the suspension which accompanied the merger with Micro Consultants. That compares with the price of 205p at which the quote was frozen and gives the enlarged electronics and specialist engineering group a stock market value of £125m.

The vendors of the Micro Consultants group and its U.S. affiliates hold 49.9 per cent of the combined equity and the stake held by Mr Peter Michael, founder and chairman of Micro Consultants, is now worth £35.7m. His partner and marqeting director, Mr Rober Graves, controls shares worth £9.2m.

## Heron Corpn. $50m loan

Heron Corporation, the parent company of Heron Motor Group, has completed arrangements for a $50m scyndicated unsecured loan.

Heron Corporation is itself a wholly owned subsidiary of Heron Internatnional. Its activtitse include commercial commercial property, investment and development, insurance, petrol retaliing, motor vehicle distribution and retailing, motorcycle distribution, residential housing estate development and consumer productions distribution.

The loan was arranged Hill Samuel and Credit Lyonnais Mh. Gerald Ronson, chaiman aud chief executive of Heron said yesterday: "We are pleased to have the continued support of our bankers in the restructing of our financing requirements. This enables us to plan for the future growth of the company with confidence."

## YORK TRAILER

York Trailer has decided that it will not be possible to pay the preference dividend due on December 31 1981.

While there has been an improvement in the company's financial position, it is considered insufficient for the payment to be made.

**SPAIN**

| December 18 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 331 | |
| Banco Central | 322 | |
| Banco Exterior | 303 | |
| Banco Hispano | 325 | |
| Banco Ind. Cat. | 115 | |
| Banco Santander | 347 | |
| Banco Urquijo | 210 | |
| Banco Vizcaya | 346 | |
| Banco Zaragoza | 208 | −2 |
| Dragados | 124 | +4 |
| Espanola Zinc | 60 | |
| Fecsa | 63.5 | −0.2 |
| Gal. Preciados | 40 | |
| Hidrola | 75 | −0.5 |
| Iberduero | 58.7 | +0.5 |
| Petroleos | 89.7 | +1.0 |
| Petroliber | 103 | −1 |
| Sogefisa | 40 | |
| Telefonica | 70.5 | |
| Union Elect. | 70 | −0.6 |

# Slow start in U.S. international banking facilities

By Our New York Staff

IN THEIR first week of operation, the U.S. new offshore banking facilities attracted $1.25bn in deposits from U.S. banks, according to statistics collected by the Federal Reserve Board. However, this figure, which is miniscule compared to expectations, is not indicative at all of the potential of the facilities, and is highly tentative.

The facilities, known as International Banking Facilities (IBFs) were authorised from December 3, and estimates of their ultimate potential range from $80bn to over $200bn.

U.S. banks have 30 days to transfer assets into IBFs, without having to comply with Fed regulations governing the movement of funds between banks and their offshore subsidiaries. So the total assets transferred in their launch period will not be known until some time in the middle of next month.

The $1.25bn figure was contained in a footnote in the Fed's most recent weekly statistical report for the week ending December 9.

IBFs were authorised to enable U.S. banks to participate in the Euromarkets from U.S. soil without having to open up foreign subsidiaries outside the aegis of U.S. bank regulations.

# Coopers and Lybrand gain

By Our Financial Staff

COOPERS AND LYBRAND, the international accounting group, boosted its revenues by 17.9 per cent in the fiscal year ended September 30. Total fees for the year were $997.6m, up from $845.6m for the previous year, excluding associated or correspondent firms.

# BSN completes sale of flat glassmaking interests in France

BY TERRY DODSWORTH IN PARIS

BSN-GERVAIS Danone, the French food processing group, yesterday completed its steady withdrawal from flat glass manufacturing with the sale of a majority holding in its French subsidiary, Boussois, to PPG Industries of the U.S.

The disposal of the 67 per cent shareholding, for FFr 95m ($16.7m), completes a process begun about two years ago, when BSN sold its controlling stake in Flachglas of West Germany to Pilkington Brothers of the UK. The Flachglas deal, for about $200m, was followed by the sale of Glaverbel and De Mass, its subsidiaries in Belgium and Holland, for $46m.

The agreement is a further illustration of continuing U.S. willingness to invest in France, as well as of the new Socialist Government's acceptance of American involvement in important sectors. Similar moves by foreign companies to invest in the glass sector about 18 months ago are said to have met with strong behind-the-scenes opposition from the last administration.

BSN also argues, however, that Boussois will benefit from the support of specialist flat glass company like PPG, which has 12 float glass plants in North America, along with one in Italy. By contrast, the French group has made no secret of its policy of concentrating on the food sector for its future development, although it is retaining interests in glass bottles.

Boussois, with a turnover of about FFr 1bn and a workforce of 2,900, was also proving a financial drain on the parent group because of recent losses. These amounted to FFr 59m last year, and although there has been an improvement in 1981, Boussois is expected to be in deficit once again.

PPG will follow its takeover of the French company with an immediate cash injection of FFr 150m, thus bringing BSN's stake down to 18 per cent.

A leading U.S. maker of flat glass, PPG also has interests in industrial chemicals, coatings and resins. Its profits received a modest setback last year but after nine months of 1981 earnings per share were running some 15 per cent ahead.

Sales in 1980 totalled $3.2bn —of which a fifth arose outside the U.S.—and net profits amounted to $209m.

# Dollar bond prices steady

BY ALAN FRIEDMAN

PRICES of fixed-interest Eurodollar bonds were marked ½ point higher yesterday in thin trading. Several of the leading houses have already shut down their operations ahead of the Christmas holidays, but dealers reported some Swiss investor purchases.

It was this sporadic buying which pushed prices slightly higher. Meanwhile, dealers are adjusting their inventories and positioning themselves for the reopening of the market early in the New Year.

In the Euro D-mark bond sector, the Finnish Municipal Loan paper fell ¼ point to 97 yesterday, but the market was generally unchanged.

In Zurich, the Electricite de France SwFr 100m issue will start trading today. The coupon is 7 per cent and the issue price was 99¾.

# Another Costa Rica debt interest failure

LONDON — Costa Rica had failed to pay some $4m of interest due on its $50m, five-year floating rate note when the seven-day grace period expired on Friday, lead manager European Banking Company said yesterday.

The interest was due on December 11 and this non payment of interest represents the fourth time in two months that Costa Rica has failed to complete prompt interest payments on such debt. The country has three other floating rate notes outstanding, and in a 30-day period over a month ago paid only partial interest on all three.

Banking sources here said they understand that Costa Rica is attempting to pay interest on its obligations, although the country is suffering from a critical shortage of foreign exchange.

Noteholders could institute default proceedings against the country, but this has so far not happened in the other three cases of incomplete payments.

Costa Rica is currently trying to reschedule about $2.7bn of foreign debt of which around $1.2bn is commercial debt.

Of the $1.2bn of commercial debt some $133m is evidenced by notes and bonds comprising the four floating rate notes and one fixed rate foreign bond.

Arguments over the handling of the notes and the bond have delayed agreement over the rescheduling of the country's debt.

Bankers want the securities included in any rescheduling, but investors hold that such a move would violate the spirit of the international securities market.

A further meeting on the rescheduling problem is planned for some time next month, probably in New York.

Reuter

# Foreign banks seek Cyprus offshore status

By William Hall, Banking Correspondent

SEVERAL foreign banks have applied for offshore banking licences in Cyprus following the authorities' decision to set up an offshore banking zone last month. The first licence is expected to be issued early next year.

The Royal Bank of Canada, Algemene Bank Nederland and Bank of Credit and Commerce International (BCCI) are understood to be among the 10 banks interested in opening offices in the world's newest offshore banking centre.

There are 10 banks at present operating in Cyprus and although several Lebanese banks showed interest in opening offices in Nicosia following the troubles in Beirut, the Cyprus authorities have not issued any banking licences since 1973.

The Central Bank of Cyprus which has been impressed by the success of Bahrain, has been investigating the possibility of establishing an offshore banking zone for several years. The aim of the new centre will be to service Middle Eastern clients, but the authorities do not believe it will be a particularly important money market centre, such as Bahrain.

Offshore licences are expected to be granted only to banks of outstanding integrity. An annual licence fee of around $15,000 a year is envisaged. Offshore banks will be free to deal in any currency other than the Cyprus pound and with non-resident customers. They will not be subject to reserve and liquidity requirements and will pay no tax. Offshore banks will not be permitted to do local business.

Cyprus time is two hours ahead of London and its appeal to international banks will be enhanced by its good international telex and telephone links.

Its company law is modelled on British law and it has a number of double taxation agreements with countries such as the UK and the U.S. and expects to ratify an agreement with Canada shortly.

The Central Bank of Cyprus does not want the licences to be used by banks wanting a "brass-plate" centre and will insist that the offshore banks will be fully staffed.

Cyprus is not the only Mediterranean country anxious to break into offshore banking. Gibraltar has recently started issuing offshore banking licences.

# Swiss bid by United Technologies

By Our Zurich Correspondent

THE ESSEX Group, a subsidiary of the U.S. conglomerate United Technologies, has made a takeover bid for Schweizerische Isola-Werke, of Breitenbach. The Swiss company is a specialist manufacturer of insulating materials and booked total 1980 turnover of SwFr 437m ($239m).

The offer, the price for which is not disclosed, is being made for at least 91 per cent of the holding company Elektro-Finanz. This undertaking, itself controlled by the Borer family, holds the entire capital of Isola-Werke.

AFRICAN AND U.S. INVESTORS BUY 25%

# Dresdner sells building group stake

BY KEVIN DONE IN FRANKFURT

FOREIGN INVESTORS, mainly from the U.S. and a small number of African countries, have taken a 25 per cent interest in Bilfinger und Berger, West Germany's third largest construction group, from the Dresdner Bank.

Dresdner, West Germany's second largest bank with assets at the beginning of the year of DM 159bn ($70bn), has transferred its full 50 per cent shareholding in Bilfinger und Berger to a new holding company, Frankfurter Gesellschaft für Industriewerte (FGI) in a deal which is expected to bring the bank around DM 160m.

Dresdner will own 50 per cent of the new holding company while the other 50 per cent will be held by the Afro American Investment Holding Company, registered in the Cayman Islands.

Afro American is a grouping of private and institutional investors from the U.S., Nigeria and a small number of other African countries.

Dresdner's move to sell its direct interest in Bilfinger und Berger is one of a series of steps it has undertaken in the last two years to reduce its industrial holdings.

A year ago it sold a 16 per cent share in Kaufhof, West Germany's second largest department stores group, as part of a deal with Metro, the Swiss cash and carry group, and Union Bank of Switzerland. At the beginning of the year it sold a 10 per cent share in Metallgesellschaft, the metals and process plant engineering group, to the State-owned Kuwait Petroleum Company.

Dresdner still holds around one-third of the Metallgesellschaft equity, but it is understood to be looking for a buyer for at least part of this stake. The sale of a 25 per cent interest to Veba, the West German energy group, was blocked by the West German cartel authorities.

Several leading banks have been forced to sell industrial holdings in the past two years in order to bolster their profit and loss accounts—most significantly Commerzbank and Westdeutsche Landesbank. But Dresdner also has been forced to dip into hidden reserves in order to maintain dividend payments.

Dresdner said yesterday that the sale of its Bilfinger und Berger stake was part of its long-term strategy to reduce its industrial holdings, while at the same time expanding its interests in the financial sector.

Bilfinger und Berger is hopeful that the new foreign equity holdings will add further weight to its push into overseas construction markets. Around 85 per cent of its current DM 7bn order book is derived from foreign contracts.

Its main orders have come from Nigeria, where it is working on contracts worth some DM 2.2bn, from Libya (present orders worth DM 1.8bn), from the U.S. (DM 800m) and the Middle East, chiefly Iraq (DM 700m).

Recent large orders include a DM 500m road and bridge construction contract from Nigeria, a DM 190m order for three livestock feed factories and a DM 1.1bn contract for the construction of an expressway in Iraq.

Two other major share transactions have recently taken place in the German building industry.

Holzmann, the largest building group in West Germany, bought 19 per cent of Dyckerhoff und Widmann, the fifth biggest German construction concern. In a further move Hochtief, the second biggest building group, acquired a 20 per cent stake in Holzmann from Westdeutsche Landesbank.

# Zurich Insurance in U.S. deal

BY JOHN WICKS IN ZURICH

ZURICH INSURANCE Company has reached an agreement with the shareholders of Universal Underwriters, of Kansas City, to acquire the entire share capital of the U.S. company at an undisclosed price. If the transaction gains the approval of regulatory agencies in the U.S., Universal will work as a separate organisation within the worldwide activities of the Zurich group.

Universal Underwriters last year reported gross premiums of almost $165m and earnings of $22m. Something over 95 per cent of all premiums are accounted for by the subsidiary Universal Underwriters Insurance Company, which is a leading insurer in the car and related industries. The Universal group is licensed in all states and has some 26 regional offices nationwide.

The Swiss company says that Universal would be complementary to its own American organisation and that the transaction represents a "welcome opportunity for the Zurich group to strengthen its presence further in the U.S.A." Including Universal Underwriters business, Zurich operations in the U.S. would account for some 18 per cent of the group's total gross premiums. In 1980, these had amounted to almost SwFr 6.47bn ($3.55bn).

# German bank buys into hire purchase

By Our Frankfurt Staff

DRESDNER BANK has acquired a 12.5 per cent stake in Noris Bank, the consumer credit banking subsidiary of the Schickendanz group, West Europe's largest mail order concern. The holding has been purchased by the majority-owned Dresdner subsidiary, Bankhaus Reuschel of Munich.

The Noris Bank has assets of DM 1.8bn ($800m). It is the second largest hire purchase institution in West Germany and handles the entire instalment credit business of the Quelle mail order group.

Noris Ban has 34 full branches, 22 credit branches and 139 credit offices in Quelle department stores and showrooms. Dresdner refused to disclose the purchase price of its 12.5 per cent interest.

# Deutsche Shell forecasts profit

BONN—Deutsche Shell, part of the Royal Dutch/Shell group, expects to make an overall balance sheet profit this year, but it will probably be well below the DM 250m ($109m) profit in 1980. The company said it expects profit on upstream domestic oil and gas operations to rise to DM 380m this year from DM 300m last year. No estimate is available for results on 1981 downstream operations, but these are unlikely to show a profit.

In August the company reported a first half 1981 loss in its oil sector of DM 53.74 per tonne against a profit of DM 5.07 per tonne in the corresponding period last year.

Deutsche Shell's well-head royalty payments are expected to total DM 380m this year and will probably rise to more than DM 600m next year following a recently-announced rise in the royalty rate to 32 per cent from 22 per cent.

The company expects oil consumption in West Germany, running according to the most recent figures at 203m tonnes coal equivalent a year in 1978, to fall to between 121m and 142m tonnes a year by 1995, depending on how the economy performs.

This compares with a recent Government-commissioned forecast by three leading research institutes that consumption would fall to 154m to 170m tonnes coal equivalent over the same period.

Reuter

# Steel improvement

The European steel market will show a tendency towards improvement in the next two to three years, says Jan Hooglandt, managing board chairman of the Dutch-German Estel steel group.



# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday January 12.
*Closing prices on December 21*

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Anheuser-Busch 16½ 88 | 100 | 101⅛ | 101⅝ | +0⅛ | +0⅜ | 16.12 |
| APS Fin. Co. 17¾ 86 | 60 | 102⅜ | 102⅞ | +0⅜ | +0⅝ | 16.36 |
| Armco O/S Fin. 15⅝ 86 | 50 | 99½ | 100 | 0 | +0⅝ | 15.43 |
| Bank Montreal 16¼ 91 | 150 | 100⅜ | 100⅞ | −0⅛ | +0⅜ | 16.13 |
| Br. Colum. Hyd. 16¼ 88 | 100 | 102⅛ | 102⅝ | 0 | +0¼ | 15.63 |
| Br. Colum. Mfa. 17 97 | 54 | 103⅛ | 103⅝ | +0¼ | +0⅜ | 16.36 |
| Can. Nat. Rail 14⅝ 91 | 100 | 95½ | 96 | −0½ | −0⅜ | 15.48 |
| Caterpillar Fin. 16½ 86 | 100 | 102⅜ | 102⅞ | +0¼ | +0⅜ | 15.68 |
| CFMP 16¾ 96 | 100 | 102½ | 103 | +0⅛ | +0⅝ | 16.23 |
| CIBC 16¼ 91 | 100 | 102½ | 103 | −0⅛ | −0½ | 16.13 |
| Citicorp O/S 16⅜ 86 | 150 | 102⅞ | 103⅜ | +0⅛ | −1 | 15.72 |
| Cities Service 17 88 | 150 | 103⅜ | 103⅞ | 0 | +0⅜ | 16.02 |
| Con. Illinois 14⅝ 84 | 100 | 99 | 99½ | +0⅛ | +0⅜ | 15.01 |
| Cons.-Bathurst 17½ 88 | 60 | 102¾ | 103¼ | 0 | +0⅛ | 16.77 |
| CPC Fin. 16⅜ 86 | 50 | 103⅜ | 103⅞ | −0¼ | −0⅜ | 15.54 |
| Dupont O/S 14½ 88 | 400 | 99 | 99½ | +0¼ | +1⅛ | 14.67 |
| EIB 16½ 88 | 100 | 102¼ | 102¾ | 0 | +0⅛ | 15.81 |
| EIB 16⅜ 91 | 100 | 103¼ | 103¾ | 0 | 0 | 15.99 |
| GMAC O/S Fin. 16½ 84 | 300 | 101⅛ | 101⅝ | +0⅛ | +0⅝ | 15.80 |
| Gulf States O/S 17½ 88 | 60 | 103½ | 104 | −0¼ | −0¼ | 16.48 |
| Nat. Bk. Canada 16½ 88 | 40 | 100⅛ | 100⅝ | 0 | +0⅝ | 17.06 |
| Nat. West. 14⅜ 91 | 100 | 99 | 99½ | 0 | 0 | 14.90 |
| New Brunswick 17 88 | 60 | 104⅜ | 104⅞ | +0¼ | +0⅛ | 15.85 |
| Newfoundland 17¼ 89 | 60 | 105⅝ | 106⅛ | 0 | +0⅛ | 15.81 |
| New. & Lab. Hy. 17¼ 89 | 75 | 102⅞ | 103⅜ | −0⅛ | −0½ | 16.49 |
| Ohio Edison Fin. 17½ 88 | 75 | 102 | 102½ | +0⅞ | +0⅝ | 16.87 |
| OKG 15¾ 97 | 50 | 97½ | 98 | −0⅛ | −0⅝ | 16.14 |
| Ontario Hyd. 16 91 (N) | 200 | 100⅝ | 101⅛ | 0 | −0⅝ | 15.90 |
| Quebec Hydro. 17¼ 91 | 150 | 105⅛ | 105⅝ | 0 | +0⅛ | 16.09 |
| Quebec Province 15¾ 89 | 150 | 97¼ | 97¾ | +0⅛ | +0½ | 15.82 |
| Saskatchewan 16⅜ 88 | 100 | 100⅞ | 101⅜ | 0 | 0 | 15.97 |
| Shell Canada 15⅜ 91 | 100 | 102⅞ | 103⅛ | 0 | −0⅜ | 15.10 |
| Sweden 14½ 88 | 150 | 94⅞ | 95⅜ | −0⅜ | −2 | 15.72 |
| Swed. Ex. Cred. 16½ 93 | 75 | 101½ | 102 | +0⅛ | +0⅝ | 16.14 |
| Tenneco Int. 17 89 | 100 | 103⅞ | 104⅛ | 0 | −0½ | 16.01 |
| Texas Eastern 15⅞ 88 | 75 | 94⅛ | 94⅝ | 0 | 0 | 17.32 |
| Transcanada 17⅜ 88 | 75 | 104½ | 105 | +0⅛ | +0⅛ | 16.46 |
| Transcanada 16 89 | 100 | 98⅝ | 99⅛ | +0⅝ | +0⅜ | 16.25 |
| Walt Disney 15⅜ 86 | 100 | 101⅜ | 101⅞ | +0⅛ | −0⅛ | 15.17 |
| Winnipeg 17 86 | 50 | 103½ | 104 | −0½ | −0¼ | 15.77 |
| WMC Fin. 15½ 88 | 50 | 95⅝ | 96⅛ | 0 | 0 | 16.53 |
| World Bank 16 86 | 210 | 101⅞ | 102⅜ | +0½ | +0⅝ | 15.21 |
| World Bank 16 88 | 90 | 101½ | 102 | 0 | +0⅜ | 15.48 |
| World Bank 16½ 86 | 130 | 103¼ | 103¾ | +0⅛ | +0½ | 15.35 |
| World Bank 16½ 88 | 100 | 103 | 103½ | +0⅛ | +0⅜ | 15.64 |

Average price changes... On day +0⅛ on week +0¼

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bank 10 91 | 100 | 99⅝ | 100⅛ | 0 | +0¼ | 9.98 |
| Asian Dev. Bank 10⅜ 89 | 100 | 101⅜ | 101⅞ | −0⅛ | −0⅜ | 10.44 |
| Belgelectric 11 91 | 100 | 100½ | 101¼ | +0⅛ | −0⅜ | 10.83 |
| CECA 10 91 | 120 | 100⅝ | 101⅛ | +⅞ | −0¼ | 9.82 |
| Coun. of Europe 10 91 | 100 | 100⅜ | 101⅛ | 0 | +0¼ | 9.86 |
| Coun. of Europe 10¼ 91 | 100 | 100 | 100½ | −0¼ | −0⅝ | 10.20 |
| EEC 10⅛ 93 | 100 | 100⅛ | 100⅝ | 0 | 0 | 10.06 |
| EIB 8½ 90 | 200 | 92⅞ | 93⅜ | −0½ | −1¼ | 9.66 |
| EIB 10½ 91 | 200 | 102 | 103 | +0¼ | −0¼ | 10.06 |
| Finland. Rep. of 10½ 86 | 100 | 100 | 100½ | 0 | 0 | 10.42 |
| Inter-American 10 91 | 100 | 101⅜ | 101⅞ | +0¼ | +1 | 9.73 |
| Inter-American 10¼ 91 | 100 | 100¼ | 100¾ | 0 | 0 | 10.16 |
| Japan Air Lines 8⅞ 87 | 100 | 95⅞ | 96⅜ | 0 | +0⅜ | 8.95 |
| Midland Int. Fin. 8½ 90 | 180 | 93⅜ | 93⅞ | 0 | −0¼ | 9.62 |
| Mt Bk. Dnmk. 10½ 91 | 100 | 99⅝ | 100⅛ | −0⅛ | 0 | 10.51 |
| Nat. West. 11 91 | 125 | 103⅞ | 104⅜ | 0 | −0⅜ | 10.28 |
| New Zealand 9¾ 89 | 200 | 99⅝ | 100⅛ | 0 | 0 | 9.77 |
| OKB 10⅛ 91 | 150 | 100⅜ | 100⅞ | 0 | 0 | 10.01 |
| Quebec Hydro 10¼ 91 | 150 | 101⅝ | 102⅛ | 0 | 0 | 9.94 |
| Renault Acpt. 10¾ 86 | 150 | 100⅛ | 100⅝ | 0 | −0⅛ | 10.57 |
| Swed. Ex. Cred. 10¼ 91 | 100 | 98⅞ | 99⅜ | −0¼ | −0⅜ | 10.39 |
| World Bank 11 91 | 100 | 103½ | 104¼ | +0⅛ | −0¼ | 10.33 |
| World Bank 10 91 | 250 | 100¼ | 100½ | 0 | 0 | 9.93 |

Average price changes... On day 0 on week −0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Aeroport Paris 6½ 91 | 60 | †94 | 94½ | +0⅛ | −0¼ | 7.37 |
| Asian Dev. Bank 8 90 | 80 | 102 | 102¼ | +0⅛ | +0¼ | 7.66 |
| BFCE 6½ 91 | 100 | 94½ | 95 | −0⅜ | −1⅛ | 7.30 |
| Belgolectric Fin. 7¾ 91 | 100 | 101⅜ | 101⅝ | +0⅝ | −0⅝ | 7.52 |
| Bell Canada 7¾ 93 | 100 | 103⅜ | 103⅞ | −0⅛ | +0⅛ | 6.78 |
| Bergen, City of 6¾ 91 | 40 | 100 | 100¼ | −0¼ | +0¼ | 6.72 |
| Bol. de Autopistas 8 90 | 50 | 100⅛ | 100⅜ | +0⅛ | +0⅛ | 7.36 |
| CECA 6¾ 91 | 80 | 97 | 97¼ | −2 | −2⅛ | 7.17 |
| Dome Petroleum 5⅜ 91 | 100 | 93½ | 93¾ | −0⅞ | −0⅜ | 6.70 |
| Dome Petroleum 7¼ 90 | 100 | 103⅝ | 103⅞ | +0¼ | +1 | 6.89 |
| Franc. Petroles 6½ 91 | 80 | 95⅜ | 95½ | −0⅛ | +0⅛ | 7.19 |
| Geostar 7 91 | 100 | 102⅛ | 102⅜ | +0⅝ | +0⅞ | 6.63 |
| Int. Amer. Dv Bk. 7 91 | 100 | 98⅞ | 99⅛ | +0¼ | +0¼ | 7.14 |
| I/S Elsam 8½ 91 | 60 | 104 | 104¼ | +0½ | 0 | 7.87 |
| Japan Air Lines 7¼ 91 | 100 | 102⅞ | 103⅛ | −0⅞ | +0⅛ | 6.82 |
| Neder. Gasunie 8 91 | 100 | 105⅛ | 105⅜ | 0 | +0⅞ | 7.18 |
| OKB 7 93 | 100 | 100 | 100¼ | +1 | 0 | 6.98 |
| OKB 7½ 91 | 100 | 99⅞ | 100⅛ | −0⅜ | −0⅛ | 7.25 |
| Oslo, City of 8 91 | 100 | 104⅞ | 105⅛ | +0⅛ | +0⅜ | 7.27 |
| Saint Etienne 8½ 91 | 20 | 104⅜ | 104⅝ | 0 | +0⅜ | 7.85 |
| Swed. Ex. Credit 7⅜ 91 | 75 | 98 | 98¼ | +0⅞ | +0⅞ | 7.53 |
| TNT O/S Fin. 8 91 | 50 | 103½ | 103⅞ | −0⅜ | −0⅛ | 7.48 |
| Unilever NV 7½ 93 | 100 | 104½ | 104¾ | +0½ | −0¼ | 6.91 |
| World Bank 6 91 | 100 | 93½ | 93¾ | +0⅛ | +0¼ | 6.96 |
| World Bank 7 90 | 100 | 100¼ | 100½ | +0¼ | +0¼ | 6.93 |
| World Bank 8 91 | 100 | 103⅞ | 104⅛ | +0⅛ | −0⅝ | 7.41 |

Average price changes.. On day 0 on week 0

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8⅜ 91 | 15 | †99¾ | 100¼ | +0½ | −0⅜ | 8.28 |
| Australia 6½ 86 | 20 | 90⅞ | 91⅞ | +0⅛ | 0 | 8.31 |
| EIB 7¾ 89 | 12 | 98⅜ | 99⅛ | +0⅜ | +0⅞ | 7.98 |
| Finland, Rep. of 6⅞ 87 | 15 | †98⅞ | 99½ | 0 | −0½ | 8.59 |
| Int.-Amer. Dev. 8⅞ 91 | 15 | †101 | 102 | 0 | −0⅜ | 8.64 |
| New Zealand 8⅛ 87 | 15 | 99¾ | 100¼ | +0¼ | −0⅝ | 8.30 |

Average price changes... On day +0⅛ on week −0⅛

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Can. Utilities 17 96 C$ | 50 | †98 | 98¾ | 0 | +0⅜ | 17.31 |
| Federal Dev. 17¾ 86 C$ | 40 | †104½ | 105½ | 0 | −0½ | 16.14 |
| GMAC (Can.) 18 87 C$ | 60 | †104 | 105 | 0 | +1½ | 16.86 |
| Pancanadian 16½ 86 C$ | 65 | †98 | 98½ | 0 | 0 | 16.94 |
| Queb. Urban 16¼ 86 C$ | 20 | †100½ | 101½ | 0 | 0 | 16.43 |
| Roynat 17¼ 86 C$ | 40 | †100½ | 101 | 0 | +0¼ | 17.01 |
| Tordom Cpn. 13⅞ 85 C$ | 30 | †94½ | 95½ | 0 | +1 | 15.40 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 82⅝ | 83⅞ | −0¼ | −0⅜ | 11.97 |
| SOFTE 8¾ 89 EUA | 40 | 78 | 79¼ | 0 | −0⅞ | 12.92 |
| U. Bk. Nwy. 9½ 90 EUA | 15 | 91 | 92¼ | +0⅛ | +0⅛ | 11.08 |
| Algemene Bk. 10⅜ 86 Fl | 60 | 99 | 99½ | +0½ | +1⅛ | 10.46 |
| Amfas Group 12¾ 86 Fl | 40 | 102⅜ | 102⅞ | −0⅛ | +1⅜ | 11.54 |
| Amro Bank 12 86 Fl | 75 | 101⅜ | 102⅛ | −0⅛ | +0¼ | 11.36 |
| Amro Bank 12 86 Fl | 60 | 101⅜ | 101⅞ | +0⅛ | +0⅛ | 11.52 |
| Heineken NV 10 87 Fl | 100 | 95⅜ | 96¼ | +0⅜ | +0¼ | 10.97 |
| Pierson 10¼ 86 Fl | 50 | 97½ | 98 | +0⅛ | +0½ | 10.92 |
| Rabobank 12 86 Fl | 50 | 101 | 101½ | 0 | +0¼ | 11.58 |
| Air France 14½ 86 FFr | 200 | 92¾ | 93¾ | −0⅛ | −0⅛ | 16.91 |
| Bk. America 14½ 86 FFr | 250 | 93 | 94 | 0 | −0⅝ | 16.62 |
| Charb'nages 13⅞ 85 FFr | 400 | 92⅛ | 93⅛ | 0 | 0 | 16.54 |
| EIB 14⅛ 88 FFr | 300 | 89⅛ | 90⅛ | 0 | 0 | 16.99 |
| La Redoute 14⅝ 85 FFr | 125 | 91 | 92 | 0 | −0⅛ | 17.50 |
| OKB 14 86 FFr | 400 | 91⅜ | 92⅜ | 0 | +0⅛ | 16.88 |
| Solvay et C. 14⅜ 86 FFr | 200 | 92 | 93 | 0 | −0⅛ | 17.32 |
| Swed. E. Cr. 14⅜ 86 FFr | 250 | 92 | 93 | 0 | +0½ | 17.15 |
| U. Mex. Sts. 14 85 FFr | 150 | 91¼ | 92¼ | 0 | −0⅞ | 17.26 |
| Acona 14 85 £ | 20 | 90⅝ | 91⅛ | −1⅛ | −1⅛ | 17.41 |
| Beneficial 14¼ 90 £ | 20 | 84½ | 85½ | −0⅛ | −0¼ | 17.70 |
| BNP 13½ 91 £ | 15 | 84⅛ | 85⅛ | −1⅛ | −1⅛ | 16.92 |
| CECA 13½ 88 £ | 20 | 88½ | 89½ | −1½ | −1⅜ | 16.25 |
| Citicorp O/S 13½ 90 £ | 50 | 88¾ | 89¾ | +0⅛ | +0½ | 15.93 |
| Fin. Ex. Cred. 13⅜ 86 £ | 15 | 90 | 91 | −1⅞ | −1⅜ | 16.97 |
| Gen. Elec. Co. 12¼ 89 £ | 50 | 85⅛ | 86⅛ | −2⅛ | −2 | 15.88 |
| Hiram Walker 14¼ 86 £ | 25 | 93⅞ | 94⅜ | −0⅜ | +0⅛ | 16.12 |
| Privatbanken 14½ 88 £ | 12 | 91⅝ | 92⅝ | −1⅝ | −1½ | 16.68 |
| J. Rothschild 14¼ 90 £ | 12 | 92⅜ | 93⅜ | −1⅜ | −1⅜ | 15.76 |
| Royal Trustco 14 86 £ | 12 | 92⅜ | 93⅜ | −1⅝ | −1½ | 16.33 |
| Swed. Ex. Cr. 13⅜ 86 £ | 20 | 91 | 92 | 0 | +0⅛ | 16.64 |
| Akzo 9¼ 87 LuxFr | 500 | 85⅝ | 86⅝ | 0 | −0⅛ | 12.74 |
| Euratom 9⅞ 88 LuxFr | 500 | 84⅝ | 85⅝ | −0¼ | −0⅛ | 13.50 |
| Eurofima 10½ 87 LuxFr | 500 | 90⅛ | 91⅛ | +1⅛ | +1⅛ | 12.85 |
| EIB 9¾ 88 LuxFr | 600 | 85⅞ | 86⅞ | 0 | +0⅛ | 13.12 |
| Volvo 9⅞ 87 LuxFr | 500 | 86⅝ | 87½ | +0⅛ | +0⅛ | 13.09 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Montreal 5¼ 90 | 0¼ | 99½ | 100 | 16/6 | 14¼ | 14.29 |
| Bank of Montreal 5¼ 91 | 0¼ | 99⅜ | 99⅞ | 29/4 | 17.06 | 17.13 |
| Bank of Tokyo 5¼ 91 | 0¼ | 98 | 98½ | 10/6 | 13¼ | 13.49 |
| Bk. Nova Scotia 5¼ 93 | 0¼ | 99½ | 100¼ | 29/4 | 17.06 | 17.08 |
| BBL Int. 5 86 | 0¼ | 99¼ | 99¾ | 20/5 | 13½ | 13.57 |
| BFCE 5¼ 88 | 0¼ | 99¾ | 100¼ | 26/4 | 16.94 | 16.94 |
| Christiania Bk. 5½ 91 | ‡0¼ | 98⅜ | 99⅜ | 7/2 | 15.56 | 15.72 |
| Co-Ben Eurofin 5½ 91 | 0¼ | 98½ | 99 | 14/4 | 16.69 | 16.90 |
| Den Norske Cred. 5½ 93 | 0¼ | 97½ | 98 | 4/12 | 13.56 | 13.87 |
| Genfinance 5¼ 87 | 0¼ | 100⅛ | 100⅝ | 30/4 | 17.06 | 16.98 |
| Genfinance 5¼ 92 | 0¼ | 99⅜ | 99⅞ | 30/12 | 18.31 | 18.38 |
| Giro und Bank 5⅜ 91 | ‡0¼ | 99 | 99½ | 23/12 | 17½ | 17.63 |
| GZB 5¼ 92 | ‡0¼ | 98½ | 99 | 5/3 | 13⅛ | 13.29 |
| Ind. Bank Japan 5¼ 88 | 0¼ | 99⅞ | 100⅜ | 9/5 | 13.31 | 13.30 |
| Lloyds Eurofin 5¼ 93 | §0¼ | 99⅝ | 100⅛ | 29/4 | 17.13 | 17.15 |
| LTCB Japan 5½ 89 | 0¼ | †99 | 99½ | 18/1 | 18.22 | 18.46 |
| Midland Int. Fin. 9 91 | 0¼ | 99⅜ | 100⅛ | 30/4 | 17.06 | 17.06 |
| Nacional Fin. 5½ 88 | 0¼ | †97⅞ | 98⅜ | 25/3 | 17.31 | 17.64 |
| Nat. Bk. Canada 5¼ 88 | 0¼ | 99⅝ | 100⅛ | 24/3 | 17.31 | 17.33 |
| Nat. West. Fin. 5¼ 91 | §0¼ | 99⅛ | 99⅝ | 15/1 | 18⅛ | 18.24 |
| Nat. West. Fin. 5¼ 92 | §0¼ | 99⅝ | 100⅛ | 23/4 | 17 | 17.02 |
| Nordic Int. Fin. 5½ 91 | 0¼ | 98⅛ | 98⅝ | 6/5 | 15⅝ | 15.78 |
| Offshore Mining 5⅛ 91 | 0¼ | 98⅛ | 98⅝ | 2/6 | 13 | 13.21 |
| Pemex 6 91 | 0¼ | 98⅜ | 98⅞ | 8/4 | 17 | 17.28 |
| Pemex 5¼ 88 | 0¼ | *†98 | 98½ | 14/2 | 18.81 | 19.15 |
| Sanwa Int. Fin. 5¼ 88 | 0¼ | †99½ | 100 | 24/3 | 17¼ | 17.29 |
| Sec. Pacific 5¼ 91 | 0¼ | 98½ | 99 | 24/5 | 13⅛ | 13.42 |
| Societe Generale 5¼ 91 | 0¼ | †99⅜ | 99⅞ | 22/1 | 18⅛ | 18.70 |
| Sparebanken 6 87 | 0¼ | †98⅞ | 99¼ | 21/6 | 14.44 | 14.58 |
| Standard Chart. 5¼ 91 | 0¼ | 98 | 98½ | 18/5 | 13.31 | 13.55 |
| Sumitomo Fin. 5½ 88 | 0¼ | 99⅝ | 100⅛ | 6/2 | 19.56 | 19.56 |

Average price changes... On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5¼ 96 | 7/81 | 933 | 98½ | 100 | 0 | 1.84 |
| Bow Valley Inv. 8 95 | 4/81 | 23.12 | †103½ | 105½ | +0⅛ | 15.89 |
| Canon 6¾ 95 | 1/81 | 829 | 114½ | 116½ | −0⅝ | 3.06 |
| Daiwa Secs. 5½ 96 | 12/81 | 539 | †83½ | 85½ | 0 | 1.35 |
| Fujitsu Fanuc 4½ 96 | 10/81 | 6770 | 102¾ | 104¾ | −1⅜ | 3.38 |
| Furukawa Elec. 5¼ 96 | 7/81 | 300 | 121½ | 123 | +1 | 1.85 |
| Hanson O/S Fin. 9½ 96 | 8/81 | 2.74 | †89 | 90 | −1 | −4.72 |
| Hitachi Cred. Cpn. 5 96 | 7/81 | 1986 | 92 | 94 | −3 | 9.62 |
| Inchcape 8 96 | 2/81 | 4.65 | †58 | 59½ | −0½ | 24.28 |
| Kawasaki 5⅜ 96 | 9/81 | 229 | 82 | 83½ | −1 | 3.44 |
| Marui 6 96 | 7/81 | 931 | 102¾ | 104¼ | −1⅛ | −1.95 |
| Matsushita El. 7½ 95 | 11/80 | 590 | 97½ | 99 | −2 | −1.92 |
| Minolta Camera 5 96 | 10/81 | 808 | 75 | 76½ | 0 | 8.04 |
| Murata 5¼ 96 | 7/81 | 2190 | 80½ | 82 | 0 | 20.44 |
| NKK 6½ 96 | 7/81 | 188 | 96¼ | 97¾ | −1¼ | −2.19 |
| Nippon Chemi-C. 5 91 | 10/81 | 919 | †76 | 78 | −3 | −0.70 |
| Ricoh 6⅜ 95 | 8/80 | 604 | 109⅞ | 111⅞ | −2⅛ | 1.98 |
| Sanyo Electric 5 96 | 10/81 | 652 | 80½ | 82 | −1 | 6.97 |
| Sumitomo Met. 5⅜ 96 | 10/81 | 305 | 83½ | 85 | −0½ | 3.64 |
| Swiss Bk. Cpn. 6¾ 90 | 9/80 | 200 | †76½ | 77½ | −2½ | 16.15 |
| Taylor Woodrow 8¾ 90 | 1/81 | 4.94 | †78 | 79 | 0 | −1.88 |
| Transco Int. 8¾ 95 | 2/81 | 69 | *†84 | 85½ | +1 | 26.30 |
| Tricorp 6½ 95 | 12/80 | 31.25 | *†75½ | 77 | 0 | 50.10 |
| Union Bk. Switz. 5 89 | 2/80 | 70.79 | †80½ | 82½ | −1½ | 4.11 |
| Mitsubishi H. 6 89 DM | 2/82 | 263 | 97⅞ | 98⅞ | — | −0.66 |
| Sharp Cpn. 6½ 88 DM | 9/80 | 591.2 | 175⅜ | 176⅜ | +2⅞ | −0.56 |

* No information available—previous day's price.
† Only one market maker supplied a price.

*Straight Bonds:* The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. *C.dte* = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# Ogem holding talks on disposal of trading units

BY CHARLES BATCHELOR IN AMSTERDAM

OGEM, the loss making Dutch construction and engineering group, is holding talks which could lead to the sale of trading activities which account for more than a quarter of group sale.s

Discussions with a potential buyer—as yet unnanmed—have been going on for several months and are now in an advanced stage. Ogem puts the value of the sale at at least Fl 200m ($80m).

Ogem hopes to dispose of its Stokvis subsidiary, which acts as a holding company for some 40 technical trading companies in Europe. Total sales of the Stokvis group last year were Fl 665m ($266m)

With a few exceptions most of these companies have been hit by the economic down turn in Europe and efforts have already been made to improve their performance, Ogem said. The aim has been to increase the independence of this group

Ogem is also negotiating the sale of NAHV (New African Trading Company), which trades technical and consumer products in Asia, Australia, some parts of Africa and the Netherlands Antilles. NAHV had 1980 sales of Fl 387m and a workforce of 1,460. Ogem has already shut a number of loss making parts of this company.

Ogem posted a group net loss of Fl 118.5m in 1980 on sales of Fl 3.94bn. It reduced its 1981 first half loss to Fl 11.6m from Fl 66.4m despite lower sales.

Discussions on a takeover of the assets have reached the stage of the potential purchaser commissioning an accountant's report of Ogem's affairs. Ogem would retain a 56 per cent stake in Otra, a trading group with an Amsterdam listing. But any disposals would involve a major reduction in trading activities.

A disposal would also be a step in Ogem's efforts, begun last year. To rid itself of a large number of unprofitable activities. It has so far only succeeded in selling minor operations out of a divestment target involving assets worth Fl400m.

An attempt to sell NAHV to an Arab group fell through earlier this year. Ogem has also has difficulty selling property fro mits development portfolio.

The company has a special financing arrangement with its bankers. It first moved into the red in 1979 and since there have have been sweeping board changes.

● Van Berkel patent NV expects a loss for 1981 of at least Fl 18m ($7.2m). Last year the Dutch manufacturer of weighing equipment had a small Fl 1.2m profit.

# Receivership plan for doll producer

By Terry Dodsworth in Paris

THE struggling French toy industry has suffered a further blow with the decision of Bella, one of the country's leading doll producers, to go into receivership after Christmas.

The announcement comes only a few weeks after the Government finalised plans to aid and reorganise the industry in an attempt to reduce imports. Significantly, Bella blames increased compeition from Korea, Taiwan, Spain and Italy as one of the reasons for its problems.

Owned by West German interests, Bella has annual sales of around FFr 100m ($17.5m) and has run up losses of about FFr 20m this year. It is one of the largest companies in the agricultural Roussillon region of southern France, employing 800.

Under French procedures, it is possible that the local commercial court will allow the company to continue in business, while pushing through a reorganisation and waiting to see if there are any bids

The Government's reorganisation plan for the industry has no specific provisinons for helping ailing companies.

# Lafarge buys shareholding in major seed concern

BY DAVID WHITE IN PARIS

LAFARGE COPPEE, the French cement group is making a further foray into the biotechnology business by taking a stake in a leading seed specialist.

Along with four other partners, Lafarge is injecting FFr 30m ($5.2m) into Claeys-Luck, the leading European specialist in cereal seeds.

The move confirms a major strategic choice made by Lafarge last year when it took over the Belgian-based Coppee concern. After selling its packaging interests and taking on an extra burden in the troubled refractory products sector, Lafarge has opted for bio-industry—through Coppee's Orsan subsidiary—as its new area of diversification.

Lafarge is the only one of the five new shareholders of Claeys-Luck with an industrial capacity in the sector. The others are the State-owned Banque Nationale de Paris, a regional development body, a group of co-operative organisations and the Institute for the Development of Agricultural and Food Industries.

Between them, they will hold a minority stake in Claeys-Luck, which has sales of around FFr 930m a year and employs 500. Claeys-Luck has subsidiaries in the U.S., Argentina, Italy, Morocco and Lebanon.

Lafarge said its aim was to select fields of biotechnology which opened major industrial prospects in the long term.

# Electronic component plan

PARIS — The French Government plans measures to stimulate the electronic components industry, according to M Pierre Dreyfus, the Industry Minister.

Full details of the plan, which will include around FFr 1.5bn ($260m) of low interest loans to the industry, are expected to be published in January. Funds will be available for research and the plan will also aim to create a sector of the industry to make component manufacturing equipment.

Reuter

# Clouded outlook for Dutch shippers

By Our Amsterdam Correspondent

THE OUTLOOK for the Dutch shipping industry remains cloudy after trading forecasts from two major lines.

Van Ommeren expects profits this year to equal 1980 and is relatively optimistic about trading in 1982. Royal Nedlloyd predicts a slowdown over the second half of 1981.

Van Ommeren expects net profits this year to equal the Fl 92.4m ($37m) of 1980. In the first half of 1981 it increased profits by 8 per cent to Fl 52.8m.

Major developments during the year were the expension of the heavy lifting activities and an increase in the size of a tank storage terminal in Singapore by 130,000 cubic metres to 500,000. It has also expanded its container activities in the U.S. and Australia.

Royal Nedlloyd reports a slowing in profit growth in the second half of 1981. The company's performance did not match that of the first six months when the net result rose 31 per cent to Fl 68.7m ($27.5m).

The first half improvement was attributable to exchange rate flucuations of the dollar and the yen against the guilder and to better results from the liner and offshore drilling activities. Nedlloyd posted a net profit of Fl 127.1m on turnover of Fl 3.03bn in 1980.

Nedlloyd earlier this year acquired the smaller KNSM shipping company.

# WestLB Asia lifts capital

By Our Financial Staff

WESTLB ASIA, a deposit-taking company owned by Westdeutsche Landesbank, has increased its paid-up capital to HK$125m (US$22m) from HK$55m.

The increase pushes shareholder funds above HK$170m. General reserves stand at HK$45m and accumulated profits at the end of 1980 were HK$3m.

The company said that profits for 1981 would be "substantially" above the HK$16.1m of 1980.

# Hongkong Land and Jardine bid for HK Telephone stake

BY OUR HONG KONG CORRESPONDENT

HONGKONG LAND and J F Special Holdings, a recently-listed investment subsidiary of Jardine Fleming, the Hong Kong securities house, yesterday launched a HK$1bn (U.S.$185m) bid for a large stake in Hongkong Telephone, which supplies the Colony's local telephone services.

The companies said they planned to buy Telephone shares on the market at up to HK$32 each, a premium of HK$37.40 on the previous closing price. They will buy not less than 20 per cent of the 91.46m issued shares and not more than 35 per cent, the trigger level for a full bid.

Land and JF Special Holdings said they are also willing to buy through the exchanges more than 850,000 warrants equal to about 21 per cent of the total.

More than 20m shares had been tendered by the close of trading yesterday and Jardine Fleming, the buying agent, said further shares would be bought today.

Jardine Fleming is a subsidiary of Jardine Matheson, the trading house which has a 40 per cent stake in Hongkong Land, which has a similarly sized cross-holding in it.

Telephone's shares closed at HK$30, Land's at HK$9.45, up 35 cents, and Jardine Matheson's at HK$19.30, up HK$1.30.

The utility provides monopoly telephone services under a franchise expiring in 1995. The agreement with the government allows a maximum return on shareholders' funds from telephone operations of 16 per cent a year.

Of any profit over that, 80 per cent goes into a development fund that pays 8 per cent a year interest and the remainder goes to shareholders' funds. The scheme, which is under review by the Government, has depressed Telephone's share price, analysts believe.

HK Telephone has recently established a subsidiary to operate non-telephone activities which are not subject to the profit controls. These include a communications link with China, a viewdata information system and equipment sales.

For the six months ended June, HK Telephone earned net profits of HK$121m, up 12 per cent from a year earlier. For the year ended last December it earned HK$215.8m on turnover of HK$1.38bn against HK$226.3m on HK$1.14bn a year earlier.

An official of HK Land stressed that the bidders were attracted by Telephone's growth potential and not by property considerations. He said there was a "property element" to the deal but that "peculiar" conditions on many of the leases would make redevelopment of the sites difficult.

# Winsor Industrial ahead despite reduced margins

BY OUR HONG KONG CORRESPONDENT

WINSOR INDUSTRIAL Corporation, one of Hong Kong's largest textile and garment manufacturers, has announced a 6. per cent increase in net profit after taxation to HK$56.73m (US$10m) for the six months to September 30, compared with HK$53.35m last year.

The company said the results turned out better than previously expected and attributed the improvement to a higher turnover. Profit margins, however, were l ower, reflecting partly the group's strenuos marketing efforts and partly competition.

There were extradorinary losses of HK$2.21m for the half-year from the disposal of investments and severance payments to workers after the closure of a subsidiary. Extraordinary profits of HK$.5m were recorded in 1980.

Dr T. K. Ann, the chairman, said the most outstanding feature of the six months was the 0 per cent increase in group turnover to HK$791.45m despite the closure of one spinning unit

An unchanged interim dividend of 12 cents has been declared.

Companies and Markets **INTERNATIONAL COMPANIES and FINANCE**

## MBB sees results below expectations

By Jonathan Carr in Bonn

EARNINGS, SALES and orders at Messerschmidtt-Boelkow-Blohm (MBB), the West German aerospace concern, will be below expectations this year and the company is planning a 10 per cent cut in its labour force up to 1986.

MBB's management blamed the new problems, above all, on falling demand from the Federal Government in Bonn, which is striving to cut its budget deficit.

MBB, which was formally merged with Vereinigten Flugtechnischen Werke (VFW) from last January, now expects 1981 turnover to total about DM 4.6bn ($2.03bn) instead of the DM 5.1bn hoped for earlier.

Likewise, incoming orders would total about DM 8bn instead of the planned DM 9bn. The group's operating result would also be down, though no firm sum was mentioned.

These figures are for the merged concern. Last year MBB alone produced net profits of DM 50m on sales of DM 3.3bn and VFW (with its space technology subsidiary, ERNO) net profits of DM 5m on sales of DM 1.04bn.

The MBB management made clear that the group's labour force would be cut by more than 4,000 in the years to 1986 from a current level of about 40,500 to some 36,000. It was not clear in what particular fields the cuts would be made.

Dr Gero Madelung, managing board chairman complained that in other countries the cuts in the defence sector would have been handled differently so that the immediate impact on companies would have been less sharp.

He also underlined that MBB's difficulties also implied problems for many other West German companies. He noted that in 1980, MBB and VFW had given orders worth some DM 2bn to about 12,000 different German concerns.

Despite the difficulties, MBB is clearly determined not to delay its research and development efforts. The company plans to spend DM 175m here next year, to about 25 per cent more than in 1981.

## Veba approves DM 18bn five-year spending plan

BY JONATHAN CARR IN BONN

VEBA, the West German energy group, will invest DM 18.4b ($8.3bn) between 1982 and the end of 1986—an increase of more than DM 1bn over the previous five-year period.

The main accent of the investment plans, just approved by the group's supervisory board, lies in the electricity sector, followed by mineral oil and chemicals.

A total of DM 10.6bn will be pumped into extending electrical power supplies—above all those based on nuclear and hard-coal plants. Veba says that by the end of 1986 more than one half of the electrical power supplied by its key subsidiary, Preussenelektra, will be based on atomic energy, indicating an unusually high measure of confidence in the future of nuclear power in Germany.

Other investment plans call for DM 4.1bn to be spent in the oil sector—not least for exploration and restructuring refinery capacity—and DM 1.9bn to go to chemicals.

Veba, which is the country's biggest industrial enterprise in turnover terms, says it plans to continue financing most of its investment through its own internal resources. In the first nine months of this year, group net profit was down to DM 214m from DM 266m in the same period of 1980, chiefly because of losses on oil and chemicals.

● Net profit for Thyssen Handelsunion the trading outlet for the Thyssen steel group, fell 15 per cent to DM 37.4m in the fiscal year ended September 30.

World turnover rose 4.8 per cent to DM 13.5bn from DM 12.89bn in 1979-1980.

## Dunlop dividend lifts Pegi profit

BY WONG SULONG IN KUALA LUMPUR

PEGI, the Malaysian investment company and the largest shareholder in Dunlop Holdings of the UK, increased its pre-tax profits for the six months ended September by 58 per cent to 3m ringgit (U.S.$1.3m) from 1.9m ringgit a year earlier.

Behind the gain were dividends from Pegi's shares in Dunlop Holdings and Synthetic Resins, which were bought in the past 12 months.

Pegi holds about 17 per cent of the equity of Dunlop Holdings and 59 per cent of Synthetic Resins, a Malaysian manufacturer of resins for the plastics industry which recorded a pre-tax profit of 5.8m ringgit for its year ended June.

The Dunlop stake was acquired in the main from Goodyield Plaza, the unquoted company yieud Plaza, the Pegi parent which is controlled by Mr Ghafar Baba, the Malaysian politician and businessman.

The 17 per cent stake in Dunlop Holdings is currently being injected into a new company, in which Pegi and Multi-Purpose Holdings (MPH), the investment arm of the Malaysian-Chinese Association, will have joint control. The new company will also own 51 per cent of Dunlop Estates, which MPH bought from Dunlop International last October for 211m ringgit (U.S.$95m) in a deal in which Malaysian interests pledged not to increase their buying of Dunlop Holdings.

Pegi expects the profit level to be maintained during the second half, so strengthening the 5.4m ringgit profit forecast made in its letter to the Kuala Lumpur Stock Exchange seeking a relisting of its shares last June after a three year suspension.

The company's half-year results showed an extraordinary item of 591,000 ringgit representing expenses incurred in connection with acquisition of its stakes in Synthetic Resins and Dunlop Holdings and the relisting of its shares.

## South African Breweries in talks on sale of stake

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Breweries, the diversified brewing, hotels, retailing and furniture group, is negotiating with a consortium of businessmen to sell its 32 per cent interest in Retco, a property company. Terms have still to be agreed.

Retco has been selling its property holdings this year. In August 15 of the company's best properties were sold and formed the base of the R60m ($61.5m) CBD Fund Property Unit Trust.

Retco shareholders were allocated CBD units in proportion to their shareholdings. Further properties have since been sold and the interim report published in October said that the company expected to trade at a loss from November until the end of the financial year on February 28. No dividend is to be declared in the financial year.

Retco has 62.2m shares, which were traded at 19 cents a share on the Johannesburg Stock Exchange yesterday, giving it a market valuation of almost R12m.

## Australian deal for Straits Steamship

By George Lee in Singapore

STRAITS STEAMSHIP, the Singapore shipping and industry group, has further expanded its interest in the engineering and exploration sectors. It has acquired a 75 per cent interest in two Australian companies, AMEC Pty. and Astex Pty. for a cash total of A$1.42m.

Both companies are located in Perth. The principal shareholder and chief executive of Amec and Astek, Mr L. B. Eley, will continue to manage the businesses and retain a 25 per cent interest in them.

## Swedish timber group in liquidation

By William Dullforce in Stockholm

VANERSKOG, a medium-sized Swedish timber, pulp and paper concern owned by a forest owners' co-operative, has gone into liquidation. Six plants are now operating under different receivers who will be looking for buyers during the six months the State has guaranteed the wages of the 2,900 employees.

Mr Nils Aasling, the Minister of Industry, has appointed a three-man team to "sift out a new, sensible structure" for the forest products industry in western Sweden. Last month Munksjö, a listed forest products company, asked a court to appoint an administrator to try to reach agreement with its creditors after it had been forced to suspend payments.

Vänerskog has not achieved a profit since 1975. Last year it posted a pre-tax loss of SKr 67m ($12.2m) on a SKr 1.4bn turnover.

After selling some units and reducing personnel by about 1,000 it had hoped to move back into profit in 1982, but at the eight-month stage this year it reported a pre-tax loss of SKr 65m and recently the board acknowledged that a loss of more than SKr 90m was expected for the full year.

The management's hopes were dashed by the devaluation of the krona in September—which increased the cost of the company's foreign loans—by high interest rates and by the collapse of the market for sawn goods.

In December last year Vänerskog was rescued from liquidation when the Government wrote off claims amounting to nearly Skr 300m, guaranteed a new Skr 50m loan and issued further guaranteed connected with the sale of manufacturing units to new owners.

# Management changes at GKN

Mr I. F. Donald and Mr B. J. P. Woods, directors of GUEST KEEN AND NETTLEFOLDS, have been appointed deputy managing directors. Mr T. C. Bonner, Mr M. J. C. Borlenghi, Mr J. J. Clancy, Mr B. D. Insch, and Mr R. J. B. Jessop have been appointed corporate management directors and to the management committee.

★

Mr David Palmer becomes chairman of WILLIS FABER on January 1, succeeding Mr Ronnie Taylor, who retires. Mr Palmer joined Willis Faber in 1959 and was appointed deputy chairman in 1972 and chief executive in 1978.

★

SAMUEL MONTAGU AND CO state that Mr Rupert Faure-Walker and Mr Willian Sadleir have been appointed directors from January 1. Mr Faure-Walker and Mr Sadler will be directors in the corporate finance division, in which division they have previously been associate directors. Mr Christopher Clarke has been appointed a director from February 1. Mr Clarke will be based in Singapore to take charge of Samuel Montagu's merchant banking operation in Singapore. Mr Clarke is managing director of Arbuthnot Latham Asia based in Singapore.

★

Hill Samuel Investment Management states that the following appointments have been made to the board of a new company, HILL SAMUEL PENSIONS INVESTMENT, formed to be responsible exclusively for the management of pension fund assets: Mr G. R. H. Kitson (chairman), Mr P. C. Axten (managing director), Mr R. J. Aldworth, Mr D. S. Allison, Mr H. D. Andrews, Mr P. T. Bucknell, Mr R. A. Cawdron, Mr R. D. Green, Mr G. M. Harvey, Mr M. I. Henderson, Mr R. W. Lewis and Mr A. M. Summers directors.

★

Mr Richard Stoner has been appointed operations director of DYNO-ROD.

★

Mr R. C. A. Hall, chairman of R. and H. HALL, intends to retire on December 31. Mr Hall will remain a director. Mr George Macilwraith will become executive chairman. Mr Macilwraith is executive vice-chairman of the group. Mr Macilwraith will retain full executive responsibility for the management of the group.

★

Mr D. F. Roper has been appointed secretary and chief legal adviser of the Prudential Assurance ...Company from January 1. Mr R. E. Artus and Mr B. Medhurst joint secretaries and chief investment managers will relinquish their duties as joint secretaries and will assume the title of joint chief investment manager.

★

GREENWOOD OIL has made the following appointments: Mr Tim A. P. Walker, chairman, Mr David M. Backhouse, Mr W. Dan Dane, Mr R. Derek K. Edwards, Mr Robert A. Fillingham, Mr I. Colin Orr-Ewing and Mr John W. Rogers directors.

FRIENDS' PROVIDENT has appointed Mr Lyn Stephenson Wilson a director and member of the board. Mr Wilson is a senior associate of the management consultants, Harbridge House Europe.

★

SCOTTISH LIFE is making the following appointments from January 1: Mr R. M. Budge, assistant investment manager, Mr J. E. Nolan, senior assistant actuary, Mr B. J. Duffin, investment secretary, Mr T. G. McKinlay, marketing secretary, Mr D. J. Henry and Mr M. T. Shannon, assistant actuaries.

The Secretary of State for the Environment has appointed Mr Donald Forster as chairman of the WARRINGTON AND RUNCORN DEVELOPMENT CORPORATION from January 1.

★

Mr G. A. Gray has been appointed director — UK marketing, at DOWTY MINING EQUIPMENT. Mr Gray was director—home sales, Dowty Meco.

CRODA INKS, has appoined Mr Ray Tinegate as operations director from January 1.

Mr Robert Howard has been appointed group financial controller of HALMA. Mr Howard was financial controller and company secretary of the Sandeman Group.

MARCONI AVIONICS a GEC-Marconi Electronics company, has appointed Mr E. J. Bradley to a new position, director of personnel.

# FT UNIT TRUST INFORMATION SERVICE

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# £ & $ steady

The proximity of Christmas and the year end was enough to ensure that trading in yesterday's foreign exchange market was at a minimum. The level of business in London was also curtailed by a further bout of heavy snow. With such a background, only very small orders were required to shift rates one way or the other.

The dollar drifted in places despite a further rise in Euro-dollar rates after Friday's rise in U.S. money supply figures. While the situation in Poland remained a market factor, it was unlikely to have much influence barring any escalation.

Trading was rather quiet in the European Monetary System yesterday. The Irish punt remained the strongest currency followed by the French franc, while the Belgian franc stayed close to the middle of the system having performed very erratically last week. The D-mark was the weakest member but remained comfortably inside its divergence limit.

STERLING—trade weighted index (Bank of England) was unchanged at 90.0, having stood at 90.0 at noon and 90.1 in the morning. The pound opened at $1.8785 against the dollar and eased on dollar demand towards noon to $1.8775. However New York entered the market as net sellers of dollars and sterling touched a best level of $1.8870. It quickly came back to trade just below $1.88 but a late flurry saw it finish at $1.8710-1.8730, a fall of 80 points. Against the D-mark it eased to DM 4.27 from DM 4.30 and SwFr 3.4050 from SwFr 3.43 against the Swiss franc.

DOLLAR — trade weighted index fell to 107.6 from 107.9. The dollar eased slightly against thet D-mark to DM 2.2815 from DM 2.2870 and SwFr 1.8200 from SwFr 1.8245. It was firmer against the Japanese yen however at Y219.85 compared with Y218.60. Euro-dollar rates were steady at the short end but longer term rates were higher by up to a quarter of a point.

D-MARK — Showing a slightly firmer tendency compared with levels set after October's reshuffle in the European Monetary System. However against the dollar, the D-mark has steadily lost ground this month although it is still much firmer than levels touched earlier this year—There was little reaction to the situation in Poland or interest rate differentials as the market showed typical pre-Christmas lethargy. A few commercial orders ensured that the dollar moved within a very narrow band and it was fixed at DM 2.2842 compared with DM 2.2930 on Friday, with the Bundesbank selling a nominal $9.55m. Elsewhere sterling eased slightly to DM 4.2940 from DM 4.2970 while the Swiss franc improved to DM 1.2525 from DM 1.2520. Within the EMS the French franc was fixed at DM 39.51 per FFr 100 compared with DM 39.48 and the Belgian franc improved to DM 5.9560 per BFr 100 from DM 5.9150.

JAPANESE YEN — Little changed against the dollar after a reversal in U.S interest rate trends. The earlier weakening of New York rates coupled with Japan's strong trade position led to a strengthening of the yen, although this was before the cut of ¾ per cent to 5½ per cent in the Bank of Japan's discount rate — Trading was rather quiet in Tokyo yesterday. The dollar closed at Y220.15 up slightly from an opening level of Y219.8 and Y219.9 at Friday's close. Business was confined mostly to commercial orders, with dealers reporting reasonable two-way business, keeping the yen in a narrow band. There were hardly any speculative moves despite continued unrest in Poland.

## THE POUND SPOT AND FORWARD

| Dec 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.8700-1.8870 | 1.8710-1.8730 | 0.38-0.28c pm | 2.11 | 0.93-0.83 pm | 1.88 |
| Canada | 2.2190-2.2420 | 2.2200-2.2220 | 0.10-0.20c dis | −0.81 | 0.40-0.60dis | −0.86 |
| Nethlnd. | 4.67-4.71 | 4.67-4.68 | 2-1½c pm | 4.49 | 5¼-4¼ pm | 4.28 |
| Belgium | 71.50-72.70 | 71.70-71.90 | 80-110c dis | −15.88 | 95-145 dis | −6.69 |
| Denmark | 13.90-13.96 | 13.90-13.92 | 3-2ore pm | 2.16 | 5¾-4 pm | 1.32 |
| Ireland | 1.1955-1.2100 | 1.1975-1.1995 | 0.25-0.37p dis | −3.10 | 0.81-1.01dis | −3.04 |
| W. Ger. | 4.26-4.31 | 4.26½-4.27½ | 1¾-1¼pf pm | 4.22 | 4⅞-4⅜ pm | 4.32 |
| Portugal | 122.50-124.00 | 122.80-123.10 | 30-190c dis | −10.74 | 70-400 dis | −7.65 |
| Spain | 183.00-184.25 | 183.00-183.20 | 10c pm-20 dis | −0.33 | par-45 dis | −1.47 |
| Italy | 2275-2295 | 2275-2277 | 11-14lire dis | −6.89 | 38½-42½ dis | −7.12 |
| Norway | 10.92-11.01 | 10.92-10.94 | ½ore pm-1½ dis | −0.69 | 3¾-1¼ pm | 0.82 |
| France | 10.77-10.88 | 10.77½-10.78½ | ¾-1¾c dis | −1.25 | 5-6 dis | −2.04 |
| Sweden | 10.46-10.53 | 10.46-10.47 | 2¾-1⅞ore pm | 2.58 | 8½-7½ pm | 3.03 |
| Japan | 409-415 | 412-413 | 3.35-3.05y pm | 9.31 | 8.70-8.40 pm | 8.28 |
| Austria | 29.90-30.20 | 29.95-30.00 | 17½-12½gro pm | 6.01 | 43-33 pm | 5.07 |
| Switz. | 3.40-3.45 | 3.40-3.41 | 1¾-1¼c pm | 4.86 | 4¾-4¼ pm | 5.14 |

Belgian rate is for convertible francs. Financial franc 79.80-79.90. Six-month forward dollar 1.05-0.95c pm. 12-month 1.25-1.05c pm.

## THE DOLLAR SPOT AND FORWARD

| Dec 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8700-1.8870 | 1.8710-1.8730 | 0.38-0.28c pm | 2.11 | 0.93-0.83 pm | 1.88 |
| Ireland† | 1.5600-1.5690 | 1.5640-1.5690 | 0.75-0.65c pm | 5.36 | 1.98-1.78 pm | 4.80 |
| Canada | 1.1885-1.1895 | 1.1872-1.1875 | 0.30-0.33c dis | −3.16 | 0.80-0.84dis | −2.76 |
| Nethlnd. | 2.4810-2.5000 | 2.4930-2.4960 | 0.58-0.48c pm | 2.55 | 1.68-1.58 pm | 2.61 |
| Belgium | 38.20-38.42 | 38.36-38.38 | 40-70c dis | −17.25 | 80-120 dis | −10.46 |
| Denmark | 7.3900-7.4250 | 7.3950-7.4050 | 0.55-0.85ore dis | −1.13 | 2.80-3.20dis | −1.62 |
| W. Ger. | 2.2750-2.2920 | 2.2810-2.2820 | 0.41-0.35pf pm | 2.00 | 1.50-1.44 pm | 2.58 |
| Portugal | 65.80-66.00 | 65.85-65.95 | 30-110c dis | −17.78 | 70-240 dis | −9.42 |
| Spain | 97.60-97.85 | 97.70-97.80 | 20-30c dis | −3.07 | 55-75 dis | −2.66 |
| Italy | 1214-1218½ | 1214-1216 | 8½-10lire dis | −9.12 | 28-30 dis | −9.55 |
| Norway | 5.8300-5.8650 | 5.8590-5.8640 | ¾-1½ore dis | −2.30 | ¼-1½ dis | −0.77 |
| France | 5.7400-5.8000 | 5.7600-5.7650 | 1.40-1.60c dis | −3.13 | 5.00-5.50dis | −3.65 |
| Sweden | 5.5870-5.6000 | 5.5870-5.5920 | 0.25-0.05ore pm | 0.32 | 1.80-1.60 pm | 1.22 |
| Japan | 219.40-220.40 | 219.80-219.90 | 1.40-1.25y pm | 7.23 | 3.65-3.50 pm | 6.50 |
| Austria | 15.94-16.03 | 15.96½-15.97½ | 6-4½gro pm | 3.94 | 16½-11½ pm | 3.38 |
| Switz. | 1.8070-1.8325 | 1.8195-1.8205 | 0.51-0.43c pm | 3.10 | 1.65-1.57 pm | 3.54 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY MOVEMENTS

| Dec. 21 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 90.0 | −33.5 |
| U.S. dollar | 107.6 | +1.2 |
| Canadian dollar | 88.7 | −16.4 |
| Austrian schilling | 115.6 | +24.9 |
| Belgian franc | 105.9 | +9.4 |
| Danish kroner | 87.1 | −10.1 |
| Deutsche mark | 121.7 | +42.3 |
| Swiss franc | 153.3 | +104.7 |
| Guilder | 114.6 | +20.0 |
| French franc | 80.7 | −14.3 |
| Lira | 55.4 | −57.5 |
| Yen | 145.6 | +39.8 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

## CURRENCY RATES

| Dec. 18 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.617028 | 0.569506 |
| U.S. $ | 12 | 1.15631 | 1.06839 |
| Canadian $ | 16.15 | 1.37376 | 1.27075 |
| Austria Sch. | 6¾ | 18.5807 | 17.1477 |
| Belgian F. | 15 | 44.8359 | 41.4215 |
| Danish Kr. | 11 | 8.59427 | 7.94083 |
| D mark | 7½ | 2.65142 | 2.44715 |
| Guilder | 9 | 2.89656 | 2.67526 |
| French Fr. | 9½ | 6.71469 | 6.19241 |
| Lira | 19 | Unavail. | 1305.31 |
| Yen | 5½ | 253.694 | 234.405 |
| Norwgn. Kr. | 9 | 6.76730 | 6.23407 |
| Spanish Pts. | 8 | 113.436 | 104.831 |
| Swedish Kr. | 11 | 6.48285 | 5.9819 |
| Swiss Fr. | 6 | 2.11683 | 1.95356 |
| Greek Dr'ch. | 20½ | — | 61.9401 |

## OTHER CURRENCIES

| Dec. 21 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 13,410-13,430† | 7138-7158† | Austria | 30.80-30.30 |
| Australia Dollar | 1.6635-1.6655 | 0.8855-0.8860 | Belgium | 79.75-81.75 |
| Brazil Cruzeiro | 234.37-235.37 | 124.80-125.42 | Denmark | 13.89-14.01 |
| Finland Markka | 8.227-8.263 | 4.3970-4.4020 | France | 10.83-10.98 |
| Greek Drachma | 106.649-109.929 | 57.60-57.80 | Germany | 4.28-4.33 |
| Hong Kong Dollar | 10.61-10.64 | 5.65-5.66 | Italy | 2270-2300 |
| Iran Rial | 149.00* | 79.00* | Japan | 413-418 |
| Kuwait Dinar(KD) | 0.527-0.533 | 0.2819-0.2822 | Netherlands | 4.67½-4.72½ |
| Luxembourg Fr. | 71.70-71.90 | 38.36-38.38 | Norway | 10.92-11.02 |
| Malaysia Dollar | 4.2340-4.2440 | 2.2550-2.2580 | Portugal | 122-130 |
| New Zealand Dlr. | 2.2830-2.2850 | 1.2135-1.2145 | Spain | 182¼-191¼ |
| Saudi Arab. Riyal | 6.39-6.45 | 3.4180-3.4210 | Sweden | 10.48-10.58 |
| Singapore Dollar | 3.8690-3.8690 | 2.0550-2.0580 | Switzerland | 3.42¼-3.47¼ |
| Sth. African Rand | 1.8085-1.8105 | 0.9660-0.9670 | United States | 1.87-1.89 |
| U.A.E. Dirham | 6.87-6.93 | 3.6710-3.6740 | Yugoslavia | 85-95 |

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 20,689-20,709 and for dollar 11,000-11,050. *Selling rate.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU December 21 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 40.7572 | 41.1832 | +1.05 | +0.36 | ±1.5368 |
| Danish Krone | 7.91117 | 7.94872 | +0.47 | −0.22 | ±1.6412 |
| German D-Mark | 2.40989 | 2.44762 | +1.57 | +0.88 | ±1.1077 |
| French Franc | 6.17443 | 6.19169 | +0.28 | −0.41 | ±1.3733 |
| Dutch Guilder | 2.66382 | 2.67710 | +0.50 | −0.19 | ±1.5063 |
| Irish Punt | 0.684452 | 0.686078 | +0.24 | −0.45 | ±1.6688 |
| Italian Lira | 1300.67 | 1305.04 | +0.34 | +0.34 | ±4.1229 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for December 18 should have read ... 0.569506

Sterling/ECU rate for December 21 ............ 0.571001

## EXCHANGE CROSS RATES

| Dec. 21 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canadia Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1 | 1.872 | 4.270 | 412.5 | 10.78 | 3.405 | 4.675 | 2276. | 2.221 | 71.80 |
| U.S. Dollar | 0.534 | 1. | 2.281 | 220.4 | 5.759 | 1.819 | 2.497 | 1216. | 1.186 | 38.35 |
| Deutschemark | 0.234 | 0.438 | 1. | 96.60 | 2.525 | 0.797 | 1.095 | 533.0 | 0.520 | 16.81 |
| Japanese Yen 1,000 | 2.424 | 4.538 | 10.35 | 1000. | 26.13 | 8.255 | 11.33 | 5518. | 5.384 | 174.1 |
| French Franc 10 | 0.928 | 1.737 | 3.961 | 382.7 | 10. | 3.159 | 4.337 | 2111. | 2.060 | 66.60 |
| Swiss Franc | 0.294 | 0.550 | 1.254 | 121.1 | 3.166 | 1. | 1.373 | 668.4 | 0.652 | 21.09 |
| Dutch Guilder | 0.214 | 0.400 | 0.913 | 88.24 | 2.306 | 0.728 | 1. | 486.8 | 0.475 | 15.36 |
| Italian Lira 1,000 | 0.439 | 0.822 | 1.876 | 181.2 | 4.736 | 1.496 | 2.054 | 1000. | 0.976 | 31.55 |
| Canadian Dollar | 0.450 | 0.843 | 1.923 | 185.7 | 4.854 | 1.533 | 2.105 | 1025. | 1. | 32.33 |
| Belgian Franc 100 | 1.393 | 2.607 | 5.947 | 574.5 | 15.01 | 4.742 | 6.511 | 3170. | 3.093 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 21)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 13 11/16 | offer 13 15/16 | bid 14 3/4 | offer 14 7/8 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Dec. 21 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 14½-14¾ | 12-12¼ | 15-16 | 10½-10¾ | ½-1 | 10½-10⅝ | 15-15⅝ | 17-20 | 17-27 | 5⅞-6⅛ |
| 7 days' notice | 15-15⅛ | 12¼-12½ | 15-16 | 10½-10¾ | 1-1⅛ | 10¾-10⅞ | 15-15⅝ | 18¾-22¼ | 15-30 | 6⅝-6¾ |
| Month | 15½-15⅝ | 13⅛-13⅜ | 16-16⅜ | 10¹⁵⁄₁₆-11¹⁄₁₆ | 10¹⁄₁₆-10³⁄₁₆ | 11½-11⅝ | 15⅞-16¼ | 20½-22¼ | 37¼-46¾ | 6⅛-6⅜ |
| Three months | 15¾-15⅞ | 13⅛-13¾ | 16⅝-17 | 10¹⁵⁄₁₆-11¹⁄₁₆ | 9¹⁵⁄₁₆-10¹⁄₁₆ | 11¹⁄₁₆-11³⁄₁₆ | 17¼-17⅝ | 22⅝-23⅝ | 24¾-29¼ | 6⅝-7⅛ |
| Six months | 15¹⁵⁄₁₆-16¹⁄₁₆ | 14⅝-14⅞ | 17⅛-17½ | 11-11⅛ | 9¹⁵⁄₁₆-10¹⁄₁₆ | 11¹⁄₁₆-11³⁄₁₆ | 18½-18⅞ | 23⅝-24⅜ | 23-26 | 7¼-7⅜ |
| One Year | 15½-15⅝ | 14¼-14½ | 16⅝-17 | 11-11⅛ | 8¾-8⅞ | 10¹⁄₁₆-10³⁄₁₆ | 18¾-19⅛ | 23⅜-24⅜ | 19¼-22¼ | 7¹⁄₁₆-7³⁄₁₆ |

SDR linked deposits: one month 12⁷⁄₁₆-12¹³⁄₁₆ per cent; three months 12¾-13⅛ per cent; six months 13⅜-13¾ per cent; one year 13⅛-13½ per cent.

ECU linked deposits: one month 15½-15⅝ per cent; three months 15³⁄₁₆-15⁵⁄₁₆ per cent; six months 14¹⁵⁄₁₆-15¹⁄₁₆ per cent; one year 14¹³⁄₁₆-15³⁄₁₆ per cent.

Asian $ (closing rates in Singapore): one month 13⁵⁄₁₆-13⁷⁄₁₆ per cent; three months 13¹¹⁄₁₆-13¹³⁄₁₆ per cent; six months 14⅝-14¾ per cent; one year 14⅜-14½ per cent.

Long-term Eurodollar two years 14¾-15 per cent; three years 15-15¼ per cent; four-years 15¼-15½ per cent; five years 15⅜-15⅝ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.05-13.15 per cent; three months 13.30-13.40 per cent; six months 14.10-14.20 per cent; one year 14.10-14.20 per cent.

## MONEY MARKETS

# London rates firm

**London clearing bank base lending rates 14½ per cent (since December 4)**

Period rates rose sharply in London yesterday, following a similar rise in U.S. interest rates, thus putting further pressure on clearing banks' base rates currently standing at 14½ per cent. Further upward pressure was applied as funds were in scant supply during much of the day. Three-month eligible bank bills were quoted at 15 per cent up from 14⅞ per cent while three-month sterling CDs rose to 15⅞ per cent from 15⁷⁄₁₆ per cent on Friday.

In the interbank market overnight money opened at 14⅞-15 per cent and started to trade at 14⅛-14⅜ per cent. Despite a revision in the Bank of England's forecast, funds were never plentiful and rates touched a high of 15¼-15½ per cent before falling away later in the afternoon to finish at 5 per cent. The key seven-day rate was steady at 14⅞-15⅛ per cent but longer term rates were firmer, reflecting to some extent a marked reluctance to trade in the longer dates in the light of current uncertainty. Three-month funds opened at 15¹¹⁄₁₆-15¹³⁄₁₆ per cent but soon rose to 15⅞-16 per cent, well up from Friday's level of 15⅝ per cent.

The Bank of England gave no assistance in the money market, the first time this has happened since early October. Its early forecast of a £50m shortage was amended later in the day to flat. Factors affecting the market included bills maturing in official hands and a net take up of Treasury bills −£480m and Exchequer transactions +£405m.

In Brussels the Belgian National Bank increased the rate on short term Treasury bills. One-month bills rose to 16½ per cent from 16 per cent and two-months to 16½ per cent from 16 per cent. The three-month rate was left at 16 per cent Treasury paper now shows a reverse yield curve, having previously been set at a flat 16 per cent last week as part of a package to support the Belgian franc.

In Paris call money eased to 15¼ per cent, the four reduction in succession, having stood at 15⅞ per cent last Tuesday and 15⅜ per cent on Friday. At the same time the Bank of France cut its discount rate on seven day Treasury bills to 16½ per cent from 17¼ per cent.

In Tokyo money market liquidity levels remained comfortable but end of year demand was likely to push rates slightly firmer. However major banks should be able to meet market demand, reflecting a continued flow of funds from the authorities and a low level of lending at a time of comparatively slow economic growth. Yesterday call money reflected increased demand, reflecting a continued flow of funds from the authorities and a low level of lending at a time of comparatively slow economic growth. Yesterday call money reflected increased demand, from 6¾ per cent on Friday.

## GOLD

# Sharp fall

Gold fell quite sharply in the London bullion market yesterday, closing at $407-408, a fall of $9½ an ounce from Friday. The metal opened at $413½-414½ and declined steadily as U.S. interest rates continued firm and in the absence of any buying interest. It was fixed at $413.75 in the morning and $410.50 in the afternoon. In early New York trading it was quoted lower at $405-406.

In Paris the 12½ kilo bar was fixed at FFr 77,500 per kilo ($417.04 per ounce) in the afternoon compared with FFr 77,500 ($413.32) in the morning and FFr 78,450 ($420.18) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,485 per kilo ($414.97 per ounce) against DM 30,730 ($417.03) previously and closed at $410-411 from $415½-416½.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $413.80.

In Zurich gold finished at $409-412 compared with $414-417.

| | Dec. 21 | | Dec. 18 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $407-408 | (£216½-217) | $416¼-417¼ | (£222-222½) |
| Opening | $413½-414½ | (£220-220½) | $416½-417½ | (£221-222½) |
| Morning fixing | $413.75 | (£219.729) | $415.25 | (£220.760) |
| Afternoon fixing | $410.50 | (£218.003) | $415.75 | (£221.792) |
| **Gold Coins** | | | | |
| Krugerrand | $418-419 | (£222½-223) | $430¼-431¼ | (£229-229½) |
| 1/2 Krugerrand | $215-216 | (£114½-115) | $221½-222½ | (£118-118½) |
| 1/4 Krugerrand | $109½-110½ | (£58¼-58¾) | $113-114 | (£60¼-60¾) |
| 1/10 Krugerrand | $44¾-45¾ | (£23¾-24¼) | $46-47 | (£24¼-25) |
| Mapleleaf | $419-420 | (£223-223½) | $431¼-432¼ | (£229½-230) |
| New Sovereigns | $100-100½ | (£53¼-53½) | $102¾-103¼ | (£54¾-55) |
| King Sovereigns | $116-117 | (£61¾-62¼) | $117-118 | (£62½-63) |
| Victoria Sovs. | $116-117 | (£61¾-62¼) | $117-118 | (£62½-63) |
| French 20s | $98-108 | (£52-57½) | $101-111 | (£53¾-59) |
| 50 pesos Mexico | $502-505 | (£267¼-268¾) | $516-519 | (£274¾-276¼) |
| 100 Cor. Austria | $393-397 | (£209¼-211¼) | $404-408 | (£215-217¼) |
| 20 Eagles | $506-511 | (£269¼-272) | $510-515 | (£271½-274¼) |

## MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime rate | 15¾ |
| Fed. funds | 12⅝ |
| Treasury bills (13-week) | 11.10 |
| Treasury bills (26-week) | 11.70 |

**GERMANY**

| | |
|---|---|
| Special Lombard | 10.50 |
| Overnight rate | 10.60 |
| One month | 11.50 |
| Three months | 10.90 |
| Six months | 10.70 |

**FRANCE**

| | |
|---|---|
| Intervention rate | 15.125 |
| Overnight rate | 15.25 |
| One month | 15.25 |
| Three months | 15.25 |
| Six months | 15.375 |

**JAPAN**

| | |
|---|---|
| Discount rate | 5.5 |
| Call (unconditional) | 6.5625 |
| Bill discount (three-month) | 6.65625 |

## LONDON MONEY RATES

| Dec. 21 1981 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ◆ | Eligible Bank Bills ◆ | Fine Trade Bills ◆ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 6-15½ | 14⅛-14¾ | — | — | 14⅝-14⅞ | 13½-15 | — | — | — |
| 2 days notice | — | — | 15⅛-15¼ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 14⅞-15⅛ | 15¼-15⅝ | — | — | — | — | — | — | — |
| One month | 15⅝-15⁷⁄₁₆ | 15⁷⁄₁₆-15⅝ | 15½ | 16⅛-15¾ | 15⅝ | 15⅛-15⅜ | 14¼-14⅛ | — | — | — |
| Two months | 15¾-15⅞ | 15¾-15⅞ | — | 16⅛-15¾ | 16⅞ | 15¾ | 14½ | 14⁷⁄₁₆-14⁹⁄₁₆ | 14¾-14⅞ | 15¾ |
| Three months | 15⅞-15¾ | 15⅞-16 | 15⅞ | 16⅛-15¾ | 16 | 16 | 14½ | 14⁷⁄₁₆-14⅞ | 14⅞-14⅞ | 15¾ |
| Six months | 15¹⁵⁄₁₆-15⅞ | 15¹⁵⁄₁₆-16¹⁄₁₆ | 15⅞ | 15½-15⅛ | 15⅞ | 16¼ | 14⅝-14½ | 14¾-14⅞ | 14⅞-15 | 15¾ |
| Nine months | 15⅞-15⁷⁄₁₆ | 15⅝-15⅞ | — | 15⅞-15½ | 15¾ | — | — | — | 14⅞-14¾ | 16⅛ |
| One year | 15⅞-15⁷⁄₁₆ | 15½-15⅝ | 15½ | 15¾-15⅝ | 15⅝ | — | — | — | — | — |
| Two years | — | — | 15⅝ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15⅞ per cent; four years 15⅞ per cent; five years 15⅞ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15-15¹⁄₁₆ per cent; four months trade bills 15⅞ per cent.

Approximate selling rate for one month Treasury bills 14⁵⁄₁₆-14⅜ per cent; two months 14⁵⁄₁₆-14⅜ per cent; three months 14⁷⁄₁₆-14¼ per cent. Approximate selling rate for one month bank bills 14⅝-14¹¹⁄₁₆ per cent; two months 14¹¹⁄₁₆ per cent; and three months 14¹¹⁄₁₆-14²²⁄₃₂ per cent; one month trade bills 15½ per cent; two months 15½ per cent; three months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from December 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.6160.

# TECHNOLOGY

EDITED BY ALAN CANE

# Video tape sales disappoint but discs exceed expectations

BY JOHN CHITTOCK

Video and Film

THE SOARING market for video hardware directly benefits only a minority of companies—mostly Japanese manufacturers plus retailers and TV rental firms. It is the indirect benefits which have sparked off the wider hysteria of the video gold rush—for the producers and *distributors of programmes*, facilities companies, tape manufacturers, even hundreds of video periodical publishers around the world.

Thus the amazing claim (unchecked by me, but from a reliable source) that there are now more video programme shops in the UK than bookshops. In consequence, everyone in this business wants to know more about the video consumer—what he buys, how often, why, even how frequently he views the programmes.

Behind this lust for statistics is of course the need to identify the market for programmes. This is not only important to producers *and distributors*, but also to those in the sponsorship and advertising business who now recognise the importance of the home video market.

For advertisers, the more precise identification of audience groups is clearly helpful. Which is one reason for *Gay News* recently announcing that 11 per cent of all homosexuals now have a video recorder (although I have yet to work out how one benefits from that particular piece of information).

A recently published report about the Swedish market *(Video in Sweden 1981)* suggests that at least 40 per cent of video owners in that country bought their recorders to make broadcast viewing more convenient (either because transmission times were inconvenient or due to clashes of programme times on different channels). A surprising 11 per cent claim that they acquired video "for the sake of the children."

The booming market for pre-recorded video programmes is clearly an insignificant feature in the daily life of a typical video user. Estimates in different countries vary, but it is unlikely that more than two to three pre-recorded cassettes per year are being purchased by the typical video owner (although about four per year may be rented).

Nonetheless, the number of pre-recorded programmes available is growing daily—generating much of recent news in the industry. Thus Intervision, the distribution company that has been grabbing much of the good and bad City headlines recently, have announced an agreement to supply Thorn EMI with 20 of *their best titles. These will be* made available, on rental, through Thorn EMI's 1200 high street outlets and direct mail operations. Significantly, the 20 titles (such as *Rollerball, Annie Hall, Revenge of the Pink Panther* and *Rocky)* are only the thin layer of cream on top of Intervision's list of 400 titles.

Feature films still dominate this business, and it is a safe bet that most video recorders this Christmas will be working overtime to tape illegally the surfeit of movies traditionally offered on television over the holiday. BBC's decision to screen *Gone with the Wind* in two parts over successive nights will help those who do not have a Phillips or Grundig V2000 recorder with four uninterrupted hours of recording available.

If the sale of pre-recorded cassettes is far from significant—similar, indeed, to the two pre-recorded audiocassettes sold per machine per year, video discs are holding up to the wildest expectations. Although RCA in the U.S. has failed miserably to reach its sales target of 20,000 players by end *1981 (only 60,000 so far)*, the sales of discs per player have exceeded all projections. A survey of 1,000 player owners has revealed an average of 18 discs per machine sold so far, rising to 22 for those owners who have had a player for six months or more (the player was launched in March of this year).

Equally promising is the news that six of the titles on offer have already received "Golden Video Disc" awards for grossing sales of over $1m at retail value. These include one in the Intervision/Thorn EMI deal—*Rocky*—plus *Saturday Night Fever, Heaven Can Wait, The Godfather, Grease and Fiddler on the Roof.*

It will not escape the notice of the video entrepreneurs that *musicals* account for *half* of these. Here will be the big growth market for video programming, especially *with the arrival of stereo on video.* Television viewers in UK last Saturday had further confirmation of this in the Michael Parkinson show — when a video pop music clip caused Parkinson's musical guests, Ringo Starr and Tim Rice, *to declare their enthusiasm* for this development in using video. I would go further and suggest that pop music without pictures will become passé within five years.

How much of this new programming will be on video discs rather than video-casstles is a subject of much discussion right now. Some are already pointing to RCA's failure in player sales this year, saying "I told you so." But the optimists can point to the recent Japanese launch of the rival LaserVision system (developed by Philips, but in this instance the Japanese version made by Pioneer); some 3,500 machines were sold in the first week and Pioneer are reported to be boosting production to 20,000 units per month by September 1982 (of which 60 per cent will go to the U.S.). Perhaps RCA was just too optimistic, too soon; but it *cannot* complain about disc sales in the first nine months — reckoned to reach 2.7m by the end of this year.

The video disc lobby will also take heart from another statistic. About 21 per cent of those buying an RCA video disc player already *owned* a video recorder; in a very early survey made in the U.S. by Magnavox, soon after the rival LaserVision launch, over 30 per cent were found to be VCR *owners* too.

The buying power of the programme distributors is also increasing, yielding competition for the broadcasters. Perhaps the screening of feature films on television may diminish, squeezed out by the seller's market in video; for VCR owners, Christmas may be never the quite the same again. In future, they may actually have to pay for their top entertainment instead of relying on BBC and ITV to deliver it by air. If that happens, video discs will be a cheaper and higher quality alternative to tape.



# Vertical machining centre from W. Germany

A BED-TYPE vertical machining centre with a working capacity of 700 x 350 x 350 mm in the X, Y and Z axes has been introduced into the UK by Mills Marketing Services of Norwich (0603 745531).

This unit has a 12-station tool changer which operates in five seconds and is driven by a Siemens Sinumerik 6M/B control system.

Mills is aiming this machine at the smaller subcontract machine shop as well as at larger companies.

There appears to be a growing opinion among suppliers of this kind of equipment that unless UK subcontractors use it, they will find themselves in increasing cost *trouble*. A little while ago a director of Press and Shear, Frank Drake, was reported in "Machinery" as saying that "any subcontractor that has not installed CNC equipment will be out of business in five years' time." *This* week, the managing director of Trumpf Machine Tools in the UK, Brian Lewis, made an almost identical remark to the FT.

It is the speed and versatility of such machines that makes them pay, in spite of the initial cost.

In the machine from Mills, which is made by Axa in West Germany, feed rates on the axes of motion are steplessly variable in the range one to 2,000 mm/min, with rapid traverses at 10,000 mm/min. A feed force on all three axes of 7,500 newtons can be produced. A 4.7 kW headstock motor is employed, *giving steplessly variable speeds* in two ranges from one to 4,500 rpm and one to 2,000 rpm.

Simultaneous continuous path operation on any two axes can be provided by the Sinumerik controller and data entry can be via tape or manually at the machine through the keyboard on the control panel.

# Television stills by telephone

BY GEOFFREY CHARLISH

THE TELEPHONE line and the normal television signal at the moment are incompatible. Given glass fibre optics and digital transmission, the problem will vanish, but for the moment the only prospect is to somehow slow down the information rate of television to allow the signals to be sent at relatively low telephone line *sending speeds*.

There have been several approaches, including transmitting rather low definition pictures (thereby reducing the bandwidth) and sending only those parts of the picture that *have changed from the previous* frame. "Bandwidth compression" is the technical term.

If moving pictures are not needed the task *is* somewhat easier. There is then the prospect, at least, of sending still frames at fairly frequent intervals, thereby utilising the telephone network in much the same way as facsimile systems—but with important advantage of not being restricted to document transmission.

Basically, the technique used is to "snatch" a picture from the sequence of 50 frames being generated each second, and then use very fast circuits which, in effect, examine each of the 625 lines of the frame, element by element. Each element is given a digital code and all the elements are held in a solid state memory system.

The great advantage of this arrangement is that, although the elements are put into the store very quickly, they can be read out of it at any speed (that is, bandwidth) to suit the transmission medium available.

A system of this kind has been developed by Salora in Finland, the television set maker. Known as Telpic, it has been designed in modules that allow it to be applied in many different installations.

According to the designers, *although systems of the same* type have been developed in Europe and the U.S., they have been for special purposes. Veikko Hameenaho, who heads the Salora project says: "As far as we know, there is no general system such as ours on the market today."

The image can be stored and presented as a tone with 64 grey levels or as a graphics image with high resolution, optimised according to the originally televised subject. It is understood that colour of a limited nature, is also possible.

Transmission time of a Telpic image is about 80 seconds in a typical public switched telephone network, but coding methods have been developed that can reduce this to 30 seconds.

Salora says that the equipment is transportable and can be installed in vehicle. In addition, its signals can equally well be sent over a radio bearer, and it can also be operated over data networks. Images can, of course, be kept in store for future use.

A number of applications *could arise where advantage* would be gained from quick picture transmission over phone lines. They include remote monitoring of equipment, weather and traffic observation on road systems, "mug shot" *and* fingerprint transmission, X-ray picture transmisison between hospitals, the distribution of pictorial information within companies, and Press/advertising work.

More from the company at Salorankatu 5-7, 24100 Salo 10, Finland.

THESE armed bandits were caught in the act of holding up a branch of Barclay's Bank in Tooting by security cameras inside the bank. As a result of the publicity generated by *the publication of the photographs, Scotland Yard says,* the raiders were caught.

Photographs like these could be transmitted over telephone lines from scanning television cameras using the techniques developed by Salora and other companies such as Ibsonmain in the UK. These techniques open up new possibilities in security and surveillance as well as more prosaic uses like traffic observation.

# Putting the cost of petrol up in style

THE POSTER-LIKE foot-high displays of petrol price seen on filling station forecourts can now be replaced with their electronic equivalent following the introduction of a new system by Power Display Equipment, of London NW9 (205 0033).

Working with Amoco (UK), the company has designed an electronically controlled sign which can be altered remotely by push button. This eliminates the awkward task of climbing up ladders to paste up new "posters" or make some similar alteration. Instead, the forecourt attendant simply sits in his office and presses buttons.

A fascinating future prospect is that all the signs within an oil company's network of filling stations will be altered at the same moment from a single point. Pump display prices could also be linked in.

Called Pricemaster, the system is double-sided and shows two prices on each side in 12-inch high numerals. Visibility is claimed to be better than backlit poster signs and other types of light emitting displays.

Each numeral is made up from seven swivelling components displaying either a matt black or a reflective coloured surface. The effect is similar to an electronic calculator display and the arrangement of the segments into numerals (the so-called "seven segment character") is controlled electronically.



# Translating voices from the deep

WORK IS going on at Edinburgh University's Wolfson Microelectronics Institute to complete a tiny unit—probably no bigger than a matchbox—that will enable a diver to talk to the surface clearly and without the use of a cable.

The Institute has just received a further grant of £130,000 from the Wolfson Foundation to develop the unit to the production stage.

In essence, the unit is able to rectify the "Mickey Mouse" speech that results when divers talk while breathing the helium rich atmosphere necessary to prevent the formation of gas bubbles in the blood at the *high water pressures involved.*

The effect of the helium is to transpose the speech frequency spectrum upwards in a particular way. Electronic circuits, now to be reduced to an integrated circuit chip, are used to return the speech to normal.

Linked to an ultrasonic transmitter receiver that can be incorporated in the diver's helmet, the unit will give divers a direct link, without cable, to the surface control vessel.

The chip "unscrambler" will be designed at the Institute and fabricated by Plessey (Caswell) at Towcester. Complete modules that include the ultrasonic device will be similarly sub-contracted to a commercial electronics company.

According to Dr David Milne, head of WMI, the development "should provide a multi-million pound export potential for Britain." He estimates that there are about 80 saturation diving complexes throughout the world, each of which might need some 10 communications systems.

He believes there is also scope for development of a further device—a kind of underwater "black box" flight recorder, for use by underwater industries of the future such as sea bed farming. WMI is on 031-667 1011.

# WORLD STOCK MARKETS

## Easier early Wall St tone

UNCERTAINTY ABOUT the direction of U.S. interest rates and the situation in Poland dampened investors' enthusiasm and Wall Street tended to drift easier in moderately active early dealings yesterday.

The Dow Jones Industrial Average declined 3.61 to 872.15 at 1 pm. The NYSE All Common Index was a cent firmer at $71.88 but declining issues led rises by an eight-to-five ratio. Turnover came to 29.79m shares at 1 pm.

Analysts attributed some of the market's weakness to the unexpected $800m rise in the M1-B measure of the money supply, reported last Friday.

The gain raised concern that the Federal Reserve Board would not ease monetary policy over the near-term. The market was also reacting to news that unrest is spreading in Poland.

"Window dressing," in which institutional portfolio managers sell off some of their less popular holdings before the year-end, was also takin gits toll.

Trading was concentrated in Bue Chips, basic industry and Utility stocks, all popular institutional investments.

On the actives list, IBM softened ⅛ to $56⅛, Exxon ⅛ to $30⅝, Geenral Motors ⅛ to $37⅛ and Commonwealth Edison ⅛ to $20⅛.

THE AMERICAN SE Market Value Index receded 1.31 to 319.88 at 1 pm on volume of 3.10m shares.

### Canada

Stock prices were broadly lower at mid-session, with 13 of the 14 sector indices posting declines. The Toronto Composite index was off 10.2 at 1,937.4 on volume of 15.8m shares at noon. The Gold shares index slipped 23.2 to 3096.6 and Oil and Gas 13.6 to 3,707.9.

The heavy volume was mainly due to the 11.7m Quasar Petroleum shares tendered under Oakwood Petroleum's offer. Oakwood is offering C$3 a share for the 12.2m shares outstanding. The offer is open until January 12.

**Closing prices for North America were not available for this edition.**

### Tokyo

Export-orientated Blue Chips in the Light Electricals, Motors and Precision Instruments sectors recorded some good gains. However, the overall market was easier-inclined in light trading with a wait-and-see attitude dominating ahead of the holiday season and on continuing uncertainty about developments in Poland.

The Tokyo SE index edged up 0.56 to 566.35, but the Nikkei-Dow Jones Average eased 0.94 to 7,668.99 and declines outscored rises on the First Market by 361 to 257. Volume amounted to 180m shares, compared with Friday's 270m.

**Fuji Photo Film** gained Y50 to Y1,310 in the Precision Instruments group on announcing profits more than doubled in its 1981 financial year.

**Honda Motor** advanced Y25 to Y830, **TDK Electronic** Y110 to Y3,670, **Sony** Y50 to Y3,920, **Hitachi** Y4 to Y671 and **Nippon Electric** Y16 to Y825.

Some Robot Manufacturers also strengthened, **Sumitomo Electric** adding Y21 at Y597 and **Yaskawa Electric** Y9 at Y687.

On the other hand, Construction and Housing companies, Pharmaceuticals, Oils and recently buoyant manufacturers of new ceramic products mostly declined. **Teikoku Oil** shed Y17 to Y810 and **Kyoto Ceramic** Y70 to Y3,680.

### Hong Kong

Boosted by news that Hong-Kong Land and Jardine Matheson planned to buy over 21 per cent of **Hong Kong Telephone** shares and Warrants through the market, stocks generally strengthened yesterday. The Hong Kong — — day. The Hang Seng index moved ahead 35.38 to 1,370.13.

Turnover was very heavy, totalling HK$907.51m on the four exchanges, against last Friday's thin HK$162.15m.

The two companies, before the market opened, offered up to HK$32 per share and HK$14 per Warrant, but added that they will not buy to the extent that their combined holdings would exceed 35 per cent of HK Telephone's share capital, issued and to be issued.

**Hongkong Telephone** ended HK$5.40 up at HK$30.00, after touching HK$32.00, while **Hongkong Land** put on 35 cents to HK$9.45 and **Jardine Matheson** HK$1.30 to HK$19.30.

**Cheung Kong** rose 60 cents to HK$21.10, **Hutchison Whampoa** 40 cents to HK$17.30, **China Light** 50 cents to HK$12.30 and **Jardine Securities** HK$1.10 to HK$15.50.

### Germany

Bourse priced closed on a mixed note after a uiet session.

Poland's difficulties in paying its debts continued to depress Banks. **Dresdner** losing DM 1 to DM 131, **Comerzbank** DM 1.30 to DM 127.70 and **Deutsche** 90 pfennigs to DM 264.40.

In Motors, **Daimler** fell DM 3.50 more to DM286, with dealers citing a disappointing reception for its one-for-eight rights issue. **Volkswagen**, however, put on DM 1.80 to DM130.40.

### Paris

Shares were firmer for choice in quiet pre-Christmas trading. The decline in the Call Money rate to 15⅛ per cent from 15⅜ and the fall in the seven-day Treasury Bill discount rate to 16½ per cent from 17½ helped sentiment, but fears over the situation in Poland kept some operators away from the market.

Banks were higher, with **Paribas** rising FFr 2.5 to FFr 202.5 and **CFF** FFr 7 to FFr 313.

### Australia

Trading was thin and generally featureless on the first day of the short pre-Christmas trading week. Oil and Mining issues displayed an easier bias, while Industrials were narrowly mixed.

The Jackson No. 1 oil well partners declined after reporting a final clean-up flow of 2,616 barrels a day from the Cooper Basin well before release of the rig. The flow rate was below levels rumoured on the share market last week. **Santos** lost 6 cents to A$6.40, **Claremont** 16 cents to A$1.20, **Ampol Exploration** 5 cents to A$3.35, and **CSR** 3 cents to A$3.92. **Vamgas**, which closed at A$10.60 on Friday, was not traded.

However, elsewhere in Oils, **Bridge** improved 15 cents to A$4.40, **Magellan** 30 cents to A$4.80 and **Hartogen** 40 cents to A$6.20.

Shale Oil twins **Central Pacific** and **Southern Pacific** hardened 3 cents apiece to 98 and 48 cents respectively on the signing of formal joint venture agreements for initial development work on the Rundle and Condor oil shale deposits in Queensland.

In Golds, **Central Norseman** receded 26 cents to A$7.04, **Emperor** 15 cents to A$1.15 and **Poseidon** 5 cents to A$2.85.

Among other Minings, **CRA** slipped 7 cents to A$2.88 and **Western Mining** 3 cents to A$4.15.

### Johannesburg

Gold shares eased in line with the Bullion price, but trading volume was small and some issues moved off their lows towards the close.

**Stilfontein** dipped 200 cents to R19.75, but most other losses were limited to 50 cents, as in **Kloof** at R39. **Loraine** was off 5 cents at R3.65, after R3.60, following the annual report.

On the Domestic Bond market, prices of Local Authority issues drifted lower by up to 30 pfennings in dull trading, with dealers reporting minimal turnover ahead of the holidays.

## Indices

### NEW YORK —DOW JONES

| | Dec. 18 | Dec. 17 | Dec. 16 | Dec. 15 | Dec. 14 | Dec. 11 | 1981 High | 1981 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| ●Industr'ls | 875.76 | 870.53 | 868.72 | 875.95 | 871.40 | 886.51 | 1024.05 (27/4) | 824.01 (25/9) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| H'me Bnds. | 58.11 | 58.02 | 58.22 | 58.25 | 58.22 | 58.88 | 65.78 (15/1) | 54.99 (1/10) | — | — |
| Transport. | 390.35 | 383.22 | 384.64 | 384.22 | 385.74 | 391.11 | 447.28 (16/4) | 335.48 (25/9) | 447.58 (16/4/81) | 12.25 (8/7/32) |
| Utilities | 110.07 | 108.85 | 108.33 | 110.00 | 110.65 | 111.38 | 117.81 (5/1) | 101.28 (28/9) | 164.52 (20/4/69) | 10.5 (28/4/42) |
| TradingVol 000† | 50,940 | 47,250 | 42,370 | 44,150 | 44,740 | 45,850 | — | — | — | — |

●Day's high 880.71, low 867.39.

| Ind. div. yield % | Dec. 11 | Dec. 4 | Nov. 27 | Year ago (approx) |
|---|---|---|---|---|
| | 6.26 | 6.21 | 6.25 | 5.95 |

### STANDARD AND POORS

| | Dec. 18 | Dec. 17 | Dec. 16 | Dec. 15 | Dec. 14 | Dec. 11 | 1981 High | 1981 Low | Since Cmpil't'n High | Since Cmpil't'n Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Indust'ls | 138.67 | 137.71 | 136.85 | 137.45 | 137.18 | 139.61 | 157.02 (6/1) | 128.43 (24/9) | 160.96 (28/11/80) | 3.52 (30/6/32) |
| Composite | 124.00 | 123.12 | 122.42 | 122.99 | 122.78 | 124.85 | 138.12 (6/1) | 115.01 (24/9) | 140.52 (28/11/80) | 4.402 (1/6/32) |

| | Dec. 16 | Dec. 9 | Dec. 2 | Year ago (approx) |
|---|---|---|---|---|
| Ind. div. yield % | 5.33 | 5.16 | 5.20 | 4.46 |
| Ind. P/E Ratio | 8.24 | 8.45 | 8.38 | 9.39 |
| Long Gov. Bond yield | 15.04 | 13.19 | 12.84 | 12.57 |

### N.Y. S.E. ALL COMMON

| Dec. 18 | Dec. 17 | Dec. 16 | Dec. 15 | 1981 High | 1981 Low |
|---|---|---|---|---|---|
| 71.87 | 71.37 | 71.06 | 71.35 | 79.14 (6/1) | 64.96 (25/9) |

| Rises and Falls | Dec. 18 | Dec. 17 | Dec. 16 |
|---|---|---|---|
| Issues Traded | 1,960 | 1,938 | 1,926 |
| Rises | 955 | 723 | 584 |
| Falls | 560 | 723 | 882 |
| Unchanged | 445 | 492 | 460 |
| New Highs | — | 16 | 25 |
| New Lows | — | 26 | 29 |

| MONTREAL | Dec. 18 | Dec. 17 | Dec. 16 | Dec. 15 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| Industrials | 333.15 | 332.61 | 332.65 | 332.51 | 409.66 (27/6) | 310.21 (25/9) |
| Combined | 316.86 | 316.31 | 316.12 | 315.93 | 375.28 (13/6) | 285.87 (25/9) |
| TORONTO Composite | 1,947.6 | 1,941.4 | 1934.1 | 1936.4 | 2578.8 (10/4) | 1812.48 (25/9) |

### NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Closing price | Change on day | | Stocks traded | Closing price | Change on day |
|---|---|---|---|---|---|---|---|
| IBM | 1,329,000 | 56⅝ | +1 | General Motors | 529,600 | 37½ | +¼ |
| Texaco | 860,800 | 34 | −¼ | Ohio Edison | 474,700 | 12½ | +¼ |
| Exxon | 709,200 | 30⅝ | +¼ | Fluor | 450,900 | 31¼ | +1¼ |
| Houston Ind. | 619,400 | 17⅝ | — | Williams Cp. | 433,313 | 29¼ | −¼ |
| Xerox | 563,700 | 40½ | +1¼ | Grumman | 404,600 | 29½ | +3¼ |

| | Dec. 21 | Dec. 18 | Dec. 17 | Dec. 16 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1.1.80) | 594.9 | 594.6 | 596.3 | 594.0 | 737.5 (6/4) | 545.8 (29/10) |
| Metal & Minrls (1.1.80) | 455.0 | 454.7 | 475.3 | 452.8 | 755.2 (7/1) | 404.5 (20/11) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2.1.62) | 55.92 | 56.30 | 55.99 | 56.77 | 68.45 (6/1) | 53.64 (15/10) |
| **BELGIUM** | | | | | | |
| Belgian SE (31.12.63) | 86.85 | 87.28 | 84.39 | 83.60 | 87.28 (18/12) | 68.53 (16/6) |
| **DENMARK** | | | | | | |
| Copenhagen SE (1.1.73) | 121.41 | 121.59 | 125.56 | 122.99 | 125.56 (17/12) | 96.88 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (29.12.61) | 91.7 | 91.70 | 91.1 | 91.4 | 112.5 (17/3) | 77.3 (15/6) |
| Ind Tendance (31.12.60) | 89.6 | 89.80 | 88.9 | 86.8 | 108.3 (10/3) | 79.2 (12/6) |
| **GERMANY** | | | | | | |
| FAZ-Aktien (31.12.58) | 219.59 | 219.65 | 222.16 | 225.21 | 245.47 (5/7) | 216.86 (9/2) |
| Commerzbank (Dec 1953) | 670.9 | 670.40 | 678.2 | 687.6 | 749.0 (5/7) | 666.4 (16/2) |
| **HOLLAND** | | | | | | |
| ANP-CBS General (1970) | 84.1 | 84.0 | 84.1 | 85.0 | 86.8 (20/8) | 76.8 (28/9) |
| ANP-CBS Indust (1970) | 61.7 | 61.6 | 61.7 | 62.1 | 48.4 (22/6) | 61.5 (30/10) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31.7.64) | 1370.13 | 1334.75 | 1342.86 | 1376.15 | 1810.20 (17/7) | 1113.77 (5/10) |
| **ITALY** | | | | | | |
| Banca Comm Ital (1972) | 190.74 | 182.81 | 195.06 | 187.49 | 292.05 (5/6) | 168.44 (24/7) |
| **JAPAN**(**) | | | | | | |
| Dow Average (16.5.49) | 7668.99 | 7669.93 | 7682.53 | 7674.65 | 8019.14 (17/8) | 6956.52 (13/3) |
| Tokyo New SE (4.1.68) | 566.35 | 565.79 | 565.76 | 564.27 | 603.92 (17/8) | 495.79 (5/1) |
| **NORWAY** | | | | | | |
| Oslo SE (1.1.72) | 126.06 | 125.01 | 124.91 | 127.50 | 145.72 (5/8) | 110.64 (5/6) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 770.55 | 781.56 | 782.00 | 753.98 | 973.26 (26/6) | 675.25 (1/9) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | (u) | 609.1 | 613.1 | (c) | 787.8 (7/1) | 473.6 (5/7) |
| Industrial (1958) | (u) | 701.5 | 700.8 | (c) | 709.4 (21/10) | 537.2 (5/2) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/80) | (c) | 122.19 | 121.82 | 122.86 | 146.15 (8/9) | 100.46 (2/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 610.00 | 614.70 | 611.75 | 605.61 | 660.31 (10/8) | 404.17 (29/1) |
| **Switzerland** | | | | | | |
| Swiss Bank Cpn. (31/12/58) | 254.7 | 258.4 | 257.8 | 260.1 | 304.2 (2/4) | 242.9 (17/11) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | — | 146.4 | 146.3 | 145.9 | 162.8 (6/1) | 135.8 (28/9) |

(**) Sat Dec 12: Japan Dow 7,681.40. TSE 564.59.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Comon—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

# Sharp slide in London copper market values

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES dropped sharply on the London Metal Exchange yesterday, as the market came under heavy selling pressure. The high-grade cash price closed £33.75 down at £855.25 a tonne. But values steadied at the lower level following news that two U.S. producers, Phelps Dodge and Inspiration, were proposing to cut back output still further in view of the low prices and depressed demand.

Phelps Dodge, which is the biggest domestic U.S. copper producer, announced it was cutting production scheduled for the first quarter of 1982 at its Arizona and New Mexico mines. This move would reduce output during the first quarter by some 30m lbs of copper, the company added. Inspiration is to close its Christmas mine in Arizona indefinitely with a loss of 17m lbs annual capacity.

Yesterday's fall in the market virtually wiped out the rise in copper prices last week. The downtrend started in New York on Friday night when heavy selling failed to bring a response from the influential buyers who had been mainly responsible for pushing prices up. The decline was given further impetus yesterday morning when it was reported that copper stocks in LME warehouses last week rose by 5,400 tonnes to a total of 124,325 tonnes—the highest level since November last year.

Aluminium stocks were up again, by 4,075 to 154,475 tonnes, and prices followed the decline in copper. Cash aluminium closed £24 down

Lead and zinc were also hit by the fall in copper. Cash lead lost £13.5 to £360.5 a tonne and cash zinc £7.5 to £460.5 a tonne. Lead stocks held in LME warehouses fell by 975 to 49,900 tonnes and zinc holdings declined by 200 to 75,925 tonnes. Nickel stocks were 132 lowefr at 1,8428 tonnes, while silver holdingsc rose by 670,000 to a total of 31,990,04 ozs.

There was a hefty drop in the stocks. A fall of 7,220 tonnes reduced total holdings to 8,910 oz, compared with a peag of 18,700 tonnes at the end of November,. Howerevr, dealers were unimpressed claiming that the reduction was the result of tin stocks oin LMA warehouse being taken "off warrant" rather than being sold to consumers.

Tin held relatively steady yestherday, in spite of a decline in the Penang market over the weekend where the Straits price was cut to $M0.55 to $M34.58 a kilo. After opening on an easier note, the London market rallied and the cash price closed only £24.5 lower at £8,353 a tonne with the three months quotation £50 down at £8,085.

Nevertheless, the market traders wondering how long the present support operation can contimue, especially with U.S. stockpile tin now being offered to overseas buyers.

# Rubber prices slip to new low

BY OUR COMMODITIES STAFF

NATURAL RUBBER prices dropped in London yesterday to the lowest level since April 1978. The R.S.S. No 1 spot quotation was cut by 1.50p to 49.50p a kilo and there were smaller losses on the futures market. Dealers said the decline reflected continued lack of demand.

Meanwhile, Reuter reported from Kuala Lumpur that the International Natural Rubber Organisation (Inro) claimed any move to buy substantial amounts of RSS No. 1 rubber on the world market could adversely affect the price of lower-quality grade rubber.

Commenting on a call by Malaysia's smallholders for Inro to buy more higher grade rubber, it was noted that the organisation buffer stock manager had reduced the price differential between higher and lower grades through his planned lower grade purchases.

The buffer stock manager has concentrated on buying RSS No. 3 and TSR No. 20 since he entered the marke in early November.

If he wants to engage in substantial purchases of RSS No. 1 and higher grade rubbers, the lower grade price could revert to previous levels, widening the differential again. Such purchases would in addition benefit the rubber plantation industry rathan than smallholders who produced the bulk of the lower grade rubbers.

It might also boost the five-day moving average price above the "May-buy" level of 179 Malaysian/Singapore cents per kilo, taking Inro out of the market and preventing purchases of lower grades.

In Kuala Lumpur, Malaysia's rubber smallholders called on the government to set up a smallholders' mnistry and a new statutory body to streamline the buying and marketing of their rubber.

Datuk Ahmad Arshad, acting president of the 40,000-strong Malaysian Rubber Smallholders' Association, told its biennial meeting here the proposals were aimed at getting a fair smallholders' return on the 1m tonnes they produced anually.

The Rubber Industry Smallholders' Development Authority (Risda) and other related State agencies should be placed under one ministry to co-ordinate their activities for the smallholders' benefit, he said.

He also suggested that a statutory body be set up to unite and supervise all dealings in the buying, processing, packing and export of smallholders' rubber.

## Japanese cocoa grindings rise

TOKYO — Japanese cocoa grindings in the July-September quarter rose 18.2 per cent to 7,745 tonnes from 6,552 in the April-June quarter and up 13.6 per cent from 6,820 tonnes in the same period last year, according to the Japan Chocolate and Cocoa Association.

Cumulative cocoa grindings in the first nine months of this year rose 17.3 per cent to 20,758 tonnes from 17,698 a year earlier.

The association said the increased grindings reflected lower cocoa bean prices on the world market and higher chocolate production in Japan.

● London cocoa futures declined yesterday on technical selling ahead of the Christmas holiday. March futures lost £18 to £1,135.5 a tonne.

# India plans large rice export deal

By K. K. Sharma in New Delhi

THE INDIAN Government is to export 600,000 tonnes of ordinary grade rice in addition to roughly 500,000 tonnes of "basmati" (superior grade) rice exported annually, mostly to the Middle East.

This decision was announced to Parliament yesterday by Mr R. V. Swaminathan, Minister of State for Agriculture. It comes as a surprise because it is known that the Government's foodgrain reserves are around just 10m tonnes, which is below the level considered safe for buffer stock and operational purposes.

It is because of the low level of the stock that the Government has so far purchased a total of 2.25m tonnes of wheat from the U.S. and Australian markets at a cost of over $325m. Further wheat purchases are being considered.

The decision to export a limited amount of rice is thought to be due to the rich paddy harvest from the summer crop because of a good monsoon in most parts of the country. The Indian Government agencies are now procuring as much rice as they can from farmers and hope to add substantially to grain stocks.

Exports will fetch a good price because of the shortage of rice in world markets. The Government needs foreign exchange at a time when the balance of payments gap is growing because of oil imports. High oil prices recently forced it to seek a three year $5.8bn loan from the International Monetary Fund.

The Minister said the rice exports would not endanger the public distribution system in their country or unduly push up internal prices.

## Talks on world wheat cartel

By Victor Mackie in Ottawa

SENIOR officials from the world's grain exporting countries will meet in Ottawa next month to discuss the formation of an informal wheat cartel, according to Mr Hazen Argue, Minister of State responsible for the Canadian Wheat Board.

"We are looking for an arrangement not to undercut each other," Mr Argue said. "We would like to see informal arrangements carried on in the international field." If successful, the meeting could lead to a broader conference of world Agriculture Ministers in mid-1982, he said.

DUTCH GLASSHOESE GROWING

BY CHARLES BATCHELOR

# Profits blossom by the dykes

NIC VAN GEEST, a Dutch glasshouse grower, looks at the sea of red, white and pink poinsettas which fill his 1.6 hectares of glasshouses, and gloomily calculates how much extra it will cost hime to produce the same crop next year.

"I expect my gas bill in 1982 to be around Fl 300,000 (£63,560 against Fl 200,000 in recent years"), he says.

Mr van Geest rejects the accusation of British and other foreign growers that cheap gas is the secret of the successful Dutch horticultural industry. The Netherlands' subsidised gas is frequently used as an excuse by foreign competitors to cover their own shortcomings, the Dutch growers claim.

With 8,700 hectares under glass, the Netherlands possess the largest concentration of greenhouses in the world. Flower and vegetable exports are now worth Fl 3.5bn (£740m) annually. The scale of operations has supported the growth of specialised suppliers of anything from seeds to glasshouses. The close proximity of so many growers means that trade secrets are impossible to keep and an exchange of ideas is actively encouraged by flourishing weekly study clubs.

Good road links with the main population centres of northern continental Europe mean most markets can be reached within hours, while the 47 co-operatively-owned auctions handle the highly perishable flowers and vegetables speedily and cheaply.

Westland, a patch of land between The Hague, the Hook of Holland and Rotterdam, is the undisputed centre of the industry, accounting for over a third of the total. With more than 3,140 hectares under glass, it appears from the air like an unending sheet of glass.

Westland—a factory for flowers.

Despite the encroachment of the surrounding towns which are desperate for building land, the Westland continues to offer a combinaton of a fertile sandy soil and a sheltered climate behind the coastal sand-dunes.

Profit margins of the area's 4,500 growers have come under pressure in recent years but most companies have still managed to modernise. Many British growers, by contrast, have failed to invest sufficiently, the Dutch claim.

As more countries have become exporters, Dutch growers have been forced to develop new crops and to specialise. Grapes grown under glass were once an important Dutch crop but they have now been almost phased out as being too labour-intensive. Tomatoes, cucumbers and lettuce are now the major Westland crops, although vegetables, such as radish, chinese cabbage, aubergines and celery, have been introduced.

As vegetable prices have come under pressure, many growers have switched to cultivating potted plants and flowers. Vegetables now account for only half of the Westland acreage under glass, with flowers taking up almost all of the rest.

Mr van Geest alternates poinsettias with amaryllis and tomatoes in his glasshouses. In the run-up to Christmas, he has some 150,000 poinsettias ready for the market. If concentrating on one crop at a time seems simple, customers wishes must still be taken account of, he says. The Swedes like their poinsettias short: the Swiss like them tall.

Times are hard, the Westland growers say. Outgoings and income were roughly in balance in the 1970s, but now for every Fl 100 costs they are earning only Fl 90. The number of growers is declining and many of those that remain are eating into their reserves. The problems facing them are:

● High rates of interest. The growers now depend on borrower funds from family, and increasingly from the banks, for 40-50 per cent of their capital.

● High labour costs and a shortage of skilled labour. Dutch wages have risen less rapidly in recent years but still are among the highest. This is partly compensated by high productivity, yet growers still depend on several thousand, often unskilled, "gastarbeiders" to get the work done.

● Water pollution. The Westland growers draw much of their water from the Rhine, which carries a toxic mixture of potash, heavy metals and other substances from the industries along its banks in France and Germany. Mr van Geest recently installed a water purification plant and began collecting his own rainwater

# Guernsey probes advisory service cost

GUERNSEY'S parliament is to debate on January 27 the future of the island's horticultural advisory service in the light of what is described as "the climate of unrelived gloom and continuing uncertainty" facing the 1,500 commercial growers.

The service is now costing £465,000 a year, five-eighths of which is provided by the island government an dthe rest by the industry through a levy on imported containers and other materials.

With the contraction of the local horticultural industry—especially tomato production—the relative cost of the advisory service has risen from 0.5 per cent to over 1 per cent of the gross value of produce during the past decade, bearing more heavily on both taxpayers and individual growers.

This has brought political pressure for the cost of the service to be reduced by cutting down the number of staff—at present 32—and discarding some of the less commercially useful sides of the work.

After setting up a special study group and constuling local growers' organisations, the island government's horticultural committee has recommended that the maximum technical help should continue to be given to the industry "during the present period of change." But a further report will be submitted in a year's time on the financing and future shape of the advisory service.

The main immediate proposal is that the whole cost of the service should be paid from public funds with no contribution by growers.

Guernsey's finance committee, in its comment on the report, criticises the horticultural committee for coming back after several months with what is, in effect, simply a request to postpone the question for another 12 months.

## Farm land rent up 12.7%

By Our Commodities Staff

AVERAGE RENT of agricultural land in England rose in the 12 months to mid-October this year from £56.79 to £64.02 a hectare, according to the Ministery of Agriculture. However, this 12.7 per cent increase, compared with a rise of 16.7 per cent in the previous year, is the lowest annual rent increase since 1973/74.

The 1981 Rent Enquiry covered some 23,000 farms with a total area of 1.5m hectares of which 36 per cent had a rent change during the period under review.

# BRITISH COMMODITY MARKETS

## BASE METALS

Base-metal prices fell sharply on the London Metal Exchange, led by Copper which came under heavy selling pressure before rallying on news of production cutbacks by Phelps Dodge and Inspiration Copper; three months was finally £881.75. Lead and Zinc closed at £374 and £465, respectively, while Aluminium was finally £633.5 and Nickel £2,975. Tin closed at £8,090, three months, following the sharp decline in warehouse stocks.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £861.00, three months higher grade £884.00, 85.00, 86.00, 87.00, 86.00, 86.50, 87.00, 87.50, 88.00. Cathodes, cash £880.00. Kerb: Higher Grade, three months £888.00, 88.50, 89.00. Afternoon: Higher Grade, three months higher grade £883.50, 84.00, 84.50, 85.00, 84.50, 83.00, 82.00, 81.00, 82.00. Kerb: Higher Grade, three months £882.50, 83.00, 82.50, 82.00, 83.00. Turnover: 17,225 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| HighGr de | | | | |
| Cash | 860.5-1.5 | -20.7 | 855-.5 | -33.7 |
| 3 mths | 888-9 | -18.2 | 881-.5 | -33.2 |
| Settlem't | 861.5 | -20.5 | — | ...... |
| Cathodes | | | | |
| Cash | 859.5-60 | -19 | 852.5-4 | -32.2 |
| 3 months | 884-5 | -18.2 | 876-8 | -34.5 |
| Settlem't | 860 | -19 | — | ...... |
| U.S. Prod | — | ...... | *77-82 | ...... |

Tin—Morning: Standard: Cash £8,390, 8,400, 10, three months £8,110, 8,100, 10, 15, 20. Kerb: Standard, cash £8,410. Afternoon: Standard, cash £8,350, 60, 55, 51, three months £8,080, 70, 60, 65, 80, 90. Kerb: Standard, three months £8,080, 90. Turnover: 1,610 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 8400-10 | +12.5 | 8351-5 | -24.5 |
| 3 months | 8120-30 | -12.5 | 8080-90 | -50 |
| Settlem't | 8410 | +15 | — | ...... |
| Standard | | | | |
| Cash | 8400-10 | +12.5 | 8351-5 | -24.5 |
| 3 months | 8120-30 | -12.5 | 8080-90 | -50 |
| Settlem't | 8410 | +15 | — | ...... |
| Straits E. | ‡$34.58 | -0.56 | — | ...... |
| New York | — | ...... | | |

Lead—Morning: Cash £368.50, 68.00, three months £382.00, 83.00, 82.00, 81.50, 82.00. Kerb: Three months £382.00, 81.50, 81.00, 80.90, 79.00, 80.00. Afternoon: Three months £380.00, 78.50, 77.00, 76.00, 74.00. Kerb: Three months £374.00, 75.00, 76.50, 76.00, 77.00, 76.00, 75.00, 74.00. Turnover: 10,150 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 368-.5 | -1.25 | 360-1 | -13.5 |
| 3 months | 381.5-2 | -1.5 | 373-4 | -14 |
| Settlem't | 368.5 | -1.5 | — | ...... |
| U.S. Spot | — | ...... | *32-6 | ...... |

Zinc—Morning: Cash £461.00, three months £466.00, 67.00, 66.50, 67.00. Kerb: Three months £467.00, 66.00. Afternoon: Three months £465.00, 66.00, 68.00, 66.00, 67.00, 67.00, 66.50, 66.00. Kerb: Three months £465.00, 66.00, 65.00. Turnover: 7,625 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 460.5-1 | +14.7 | 460-1 | -7.5 |
| 3 months | 467.5-8 | +15 | 466-7 | -8.5 |
| S'ment | 461 | +14.5 | — | ...... |
| Primw'ts | — | — | *44-50 | ...... |

Aluminium—Morning: Cash £608.00, three months £637.00, 36.00, 35.00, 35.50, 34.00, 33.50, 33.00, 33.50, 34.00, 33.50, 33.00, 32.00, 31.00, 31.50, 32.00. Kerb: Three months £631.00. Afternoon: Three months £630.00, 29.00. Kerb: Three months £629.00, 30.00, 31.00, 32.00, 33.00. Turnover: 10,875 tonnes.

| Aluminm | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 608-.5 | +18.2 | 604-5 | -24 |
| 3 months | 631.5-2 | +17.7 | 628.5-9 | -22.7 |

Nickel — Morning: Three months £2,970, 90, 95, 3,000, 10. Kerb: £2,990, 85. Afternoon: Three months £2,985. Kerb: Cash £2,935, three months £2,980, 90, 80. Turnover: 558 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 2980-3000 | +60 | 2960-7 | +15 |
| 3 months | 3000-10 | +17.5 | 2985-90 | +2.5 |

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

## SILVER

Silver was fixed 7.8p an ounce lower for spot delivery in the London bullion market yasetrday at 460.45p. U.S. cent equivalents of the fixing levels were: spot 864c, down 13c; three-month 891.1c, down 11.8c$ six-month 924.7c, down 13.6c; and 12-month 984.7c, down 14.2c. The metal opened at 461-465p (867-872c) and closed at 451-455p (848-853c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 460.45p | -7.80 | 460.75p | -11.2 |
| 3 months | 477.15p | -7.10 | 477.65p | -10.5 |
| 6 months | 495.15p | -8.10 | — | ...... |
| 12months | 538.15p | -8.30 | — | ...... |

LME—Turnover 111 (188) lots of 10,000 ounces. Morning: Three months 478.0, 77.5, 77.0, 77.5. Kerb: 476.0, 77.0. Afternoon: Three months 470.00, 71.00, 70.00, 69.50, 69.00, 68.00. Kerb: Three months 468.0, 67.0, 66.0.

## COCOA

Futures resumed their decline with Commission House and trade selling. Actuals business remained neglected, reports Gill and Duffus.

| COCOA | Yes'rday's Close | + or — | Business Done |
|---|---|---|---|
| Dec | 1148-50 | -13.0 | 1155-45 |
| March | 1135-36 | -18.0 | 1150-35 |
| May | 1135-36 | -21.0 | 1146-34 |
| July | 1141-42 | -25.0 | 1153-41 |
| Sept | 1149-50 | -22.0 | 1163-50 |
| Dec | 1168-69 | -19.0 | 1180-69 |
| March | 1170-80 | -21.5 | — |

Sales: 1,568 (1,089) lots of 10 tonnes.

ICCO—Daily price fob Dec 21: 92.90 (94.96): Indicator for Dec 22: 95.08 (95.77). U.S. cents per pound.

## COFFEE

In line with an easier New York close London opened £10 lower, reports Drexel Burnham Lambart. Prices remained fixed in a narrow range, with switch trading the only feature.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Jan | 1129-31 | -5.5 | 1130-21 |
| March | 1119-20 | -1.5 | 1120-06 |
| May | 1099-00 | +1.0 | 1100-89 |
| July | 1093-94 | -1.0 | 1095-85 |
| Sept | 1092-93 | -2.5 | 1094-85 |
| Nov | 1090-92 | -6.5 | — |
| January | 1088-92 | -7.5 | — |

Sales: 1,792 (1,251) lots of 5 tonnes.

ICO—1979 Indicator prices for Dec 18: (U.S. cents per pound): Comp daily ICA 122.84 (122.96); 15-day average 122.26 (122.11).

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 490.0, 492.0, 493.0-489.5; March 497.0, 499.0, 498.0; May 505.5, 507.0, 508.0-506.0; July 513.0, 515.0, 516.0; Oct 512.0, 513.0, 513.5-512.1; Dec 518.5, 520.0, 519.5; March 527.0, 528.0, 528.0; May 531.0, 533.0, 530.0. Sales: 131.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec seller 367, nil; Jan 362, 365, nil; March 373, 376, 373; May 376, 379, 378-377; Aug 394, 398, 395; Oct 395, 398, 398-397; Dec 402, 403, 404-403; Jan 404, 405, 406-405; March 413, 415, 415-414; May 420, 425, nil. Sales: 49.

BRADFORD—Topmakers order books are quite well filled but firm prices have not been established. There is some strength in wool values particularly South American, Cape and British wool, but New Zealand is weak.

## GAS OIL FUTURES

After a strong opening in thin conditions, the market eased back in better volume to come back in line with the physical market, reports Premier Man.

| Month | Yesterdys close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| December | 325.00 | -3.00 | — |
| January | 328.75 | -0.25 | 332.00-27.00 |
| February | 328.25 | -1.00 | 331.25-26.50 |
| March | 323.75 | -0.25 | 326.00-23.50 |
| April | 317.25 | -0.25 | — |
| May | 313.00 | -2.80 | 315.00-15.00 |
| June | 313.25 | — | — |
| July | 316.00 | -2.00 | — |
| August | 316.25 | +1.25 | — |

Turnover: 903 (1,497) lots of 100 tonnes.

## GRAINS

There was a good two-way trade in switches in old crop wheat as continued short-covering kept the market steady. Barley was slow to start and made smaller gains, moving with wheat Acli reports.

| WHEAT | | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or — | Yesterday's close | + or — |
| Jan | 109.35 | +0.40 | 104.65 | +0.15 |
| Mar | 112.95 | +0.35 | 108.00 | +0.50 |
| May | 116.35 | +0.35 | 111.00 | +0.30 |
| July | 119.05 | +0.45 | — | — |
| Sep | 106.35 | +0.15 | 101.80 | -0.15 |
| Nov | 109.90 | +0.15 | 105.10 | +0.07 |

Business done—Wheat: Jan 109.35-108.95, March 113.00-112.60, May 116.45-116.20, July 19.05-118.95, Sept 106.35-106.30, Nov untraded. Sales: 317 lots of 100 tonnes. Barley: Jan 104.70-104.50, March 108.00-107.75, May 116.45-116.20, July 119.05-118.95, Sept 106.35-106.30, Nov untraded. Sales: 317 lots of 100 tonnes. Barley: Jan 104.70-104.50, March 108.00-107.75, May 111.00-110.95, Sept untraded, Nov untraded. Sales: 150 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 102.10, N. East 104.00, Scotland 100.20. The UK Monetary Coefficient for the week beginning Monday Dec 28 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent. Jan 117.00, Feb 118.50, March 119.75 transhipment East Coast sellers. English Feed fob. Jan/March 114.50 sellers East Coast. Maize: S. African White/Yellow, Dec 83.00 sellers. Barley: English Feed fob. Jan/March 111.00 East Coast, April/June 115.50 East Coast sellers. Rest unquoted.

## RUBBER

The London physical market opened about unchanged, attracted little interest throughout the day and closed quiet and slightly easier. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 201.0 (same) cents a kg and SMR 20 177.5 (179.0).

| No. 1 R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| Jan | 49.50-50.30 | 51.00-51.50 | 49.50 |
| Feb | 49.80-50.30 | 51.40-51.60 | — |
| Jan-Mar | 50.00-50.20 | 51.40-51.50 | 51.20-49.70 |
| Apl-Jne | 53.50-53.60 | 54.80-54.90 | 54.80-53.50 |
| Jly-Sept | 56.70-56.80 | 57.80-58.00 | 57.80-56.70 |
| Oct-Dec | 59.80-59.80 | 60.90-61.00 | 60.50-59.80 |
| Jan-Mar | 63.00-63.10 | 64.10-64.20 | 63.30-63.10 |
| Apl-Jne | 66.00-66.10 | 67.00-67.20 | 66.00 |
| Jly-Sept | 69.00-69.10 | 70.10-70.20 | 69.10-69.00 |

Sales: 249 (186) lots of 15 tonnes 1 (43) lots of 5 tonnes.

Physical closing prices (buyers) were spot 49.50p (51.00p); Jan 51.75p (52.25p), Feb 52.00p (52.50p).

## POTATOES

LONDON POTATO FUTURES—Initial strength was not maintained, and subsequent selling hit stop-loss levels. The market partially recovered, reports Coley and Harper. Closing prices: Feb 95.00, -0.50, (high 96.00, low 93.40); April 116.70, -1.30, (high 119.00, low 115.00); Nov 67.00, unchanged (67.00 only). Turnover: 360 (825) lots of 40 tonnes.

## SOYABEAN MEAL

| | Yesterdys Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 125.00-33.0 | +0.50 | — |
| February | 129.00-29.2 | -0.15 | 129.20-29.00 |
| April | 131.00-31.2 | -0.05 | 131.20-31.00 |
| June | 130.30-30.8 | -0.05 | 130.50 |
| August | 131.50-32.5 | -0.10 | — |
| October | 132.00-35.5 | +0.25 | — |
| Dec | 132.00-37.5 | -0.25 | — |

Sales: 29 (33) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE—Raw sugar £172.00 (same) a tonne cif Dec-Jan-Feb shipment. White sugar daily price £175.00 (same).

After opening slightly lower the market moved ahead in quiet conditons before profit-taking pared the gains at the close, reports C. Czarnikow.

| No. 4 Con-tract | Yest'rdy's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Jan | 172.00-73.70 | 177.00-78.00 | 181.25-77.25 |
| March | 180.90-81.00 | 177.80-78.00 | 182.00-77.38 |
| May | 182.00-82.20 | 179.35-79.50 | 182.75-79.90 |
| Aug | 184.20-84.25 | 182.05-82.40 | 184.25-82.80 |
| Oct | 187.35-88.00 | 186.50-87.00 | 188.00-88.50 |
| Jan | 188.00-90.00 | 186.50-89.00 | — |
| March | 195.00-97.00 | 191.00-94.00 | 195.00 |

Sales: 2,924 (3,884) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trades nd £282.50 (same) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for December 18: Daily price 13.19 (13.22); 15-day average 12.80 (12.77).

## TEA AUCTION

LONDON TEA AUCTION — 28,230 packages were offered in yesterday's auction. Assams were firm. East Africans lost 2p. Central Africans showed little change. Ceylons were irregular and tended easier. Quotations: Quality 117p per kilo (118p), Medium 108p per kilo (109p), Plain 80p per kilo (79p).

## JUTE

JUTE—Jan: c and f Dundee, BWC £183, BWD £226, BTB £333, BTC £288, BTD £231 Antwerp c and f: BWC $525, BWD $430, BTB $615, BTC $540, BTD $437; Dundee: Dec 40 in 10 oz £9.63, 40 in 7½ oz £7.48; B Twills £26.76.

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound: Beef: Scotch killed sides 87.0 to 90.0; Eire hindquarters 102.0 to 106.0, forequarters 61.0 to 65.0. Veal: Dutch hinds and ends 131.0 to 134.0. Lamb: English small 84.0 to 88.0, medium 82.0 to 86.0, heavy 80.0 to 84.0; Imported frozen—New Zealand PH 61.0 to 61.0, YLs 62.0 to 62.0, YMs 63.0 to 64.0. Pork: English, under 100 lb 49.0 to 56.0, 100-120 lb 46.0 to 55.0, 120-160 lb 44.0 to 54.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 104.42p per kg lw (−0.97). UK—Sheep 195.15p per kg est dcw (+8.09). GB—Pigs 83.24p per kg lw (−2.16).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: Navels 48/113 5.00-5.20; Spania: Navels/Navelinas 42/130 5.00-5.50; Jaffa: Navels 88/144 4.85-5.35. Clementines — Spania: 3.80-4.30; Moroccan: 1/6 3.60-4.50. Satsumas—Spania: 3.70-4.00. Lemons—Cyprus: 3.30-4.50; Jaffa: 125/150 5.00-5.25; Italian: 60/150 3.50; Spania: 40/50 2.40-2.50; U.S.: 115 5.00. Grapefruit—U.S.: Pink 32/48 6.20-7.50; Cyprus: Large cartons 3.60-4.50, small cartons 2.80-3.40; Jaffa: 36/88 3.80-4.55. Apples—French: New crop, Golden Delicious 20-lb 3.20-4.00, 40-lb 6.50-7.50, Starkcrimson 40-lb 7.00-8.00, 20-lb 3.40-4.00, Granny Smith 8.00-9.00; Canadian: Red Delicious 9.00-11.00; U.S.: Red Delicious 8.00-13.00; Hungarian: Starking 6.60-7.00. Pears—Dutch: Comice 14-lb 3.60-3.90. Peaches—S. African: 4.00; Zimbabwean: 4.50-5.00. Nectarines—Brazilian: 33/48s 10.00-12.00; S. African: 18/28s 6.00. Apricots—Australian: Per pound 0.60-0.70. Plums—U.S.: Per pound 0.40. Grapes—Spanish: Almeria 11-lb 3.50-4.00, Negra 3.80-4.00; U.S.: Almeria, per pound 0.50, Red Emperor 0.60. Cherries—Brazilian: 1-lb 1.40. Strawberries—Kenyan: 8-oz 0.50-0.70; New Zealand: 8/12oz 1.40; Israeli: 8oz 1.00. Litchees—Mauritius: Per pound 1.00; S. African: 1.00. Melons—Spanish: 10-kg 4.50-6.00, 15-kg A.1. 10.50-11.00. Pineapples—Ivory Coast: Each 0.40-1.20. Bananas—Colombian: Per pound 0.18-0.19. Avocados—U.S.: Large box 5.50-6.00, small box 2.50; Israeli: 3.60-4.20; Canary: Large box 5.00, small box 4.00. Mangoes—Kenyan: 8/16 5.00; Brazilian: 7.50-8.00. Pomegranates—Israeli: 3.30-3.60. Dates—Tunisian: 30s 0.50-0.60; U.S.: 0.44-0.45. Figs—Turkish: 48 x 8oz 0.19-0.20. Tomatoes—Spanish: 2.00-3.00; Canary: 2.40-3.60; Moroccan: 1.50. Onions—Spanish: Grano 3/5 4.80-5.00. Capsicums—Dutch: 5-kilos, red 6.80; Canary: Green 3.60-4.20, red 5.00; Italian: Green 3.50. Cabbages—Dutch: White 3.20, red 3.50. Cauliflowers—Jersey: 24s 15.00; French: 24s 16.00. Celery—Israeli: 4.30-4.80; Spanish: 3.30-4.50. Carrots—Dutch: 28-lb 2.10, pre-pack 4.20. Lettuce—Dutch: 24s 4.00. Cos Lettuce—Cyprus: 6.00; Italian: 4.00. Cucumbers—Canary: 3.40-3.60. Chicory—Belgian: 3-kilos 2.20-2.50. Endives—French: 5.00-5.20. Fennel—French: 9-lb 3.50-4.00; Italian: 4.50. New Potatoes—Canary: 28-lb ware 5.00, mids 5.60; Italian: 0.15; Cyprus: 5.00-5.20. Artichokes—Spanish: 6.00; Cyprus: 10.00. Aubergines—Canary: 5.50; Italian: 5.00; U.S.: Box 12.00; Israeli: 6.50. Chestnuts—Italian: 5-kg 5.60-6.00. Walnuts—Chinese: Per pound 0.44-0.45; U.S.: 0.60. Brazils—Per pound 0.40-0.42. Filberts—Per pound 0.38-0.40. Almonds—Per pound 0.48-0.50. Pecan—Per pound 0.95. Muscatels/Almonds—Spanish: 8oz 0.45.

★

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.60, codlings £2.80-£4.00; Large haddock £3.00-£3.80, medium £3.00-£3.40; Large plaice £3.80-£4.00, medium £3.80-£5.00, best small £3.50-£4.50; Lemon soles (large) £14.50, (medium) £12.00; Rockfish £1.50-£2.80; Reds £1.80-£2.50.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | Dec. 21 1981 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ...... | £810/815 |
| Free Mkt | $1150/1180 | ...... | $1015/045 |
| Copper | | | |
| Cash h grade | £850.25 | -33.75 | £835.5 |
| 3 mths | £881.25 | -33.25 | £863.75 |
| Cash Cathode | £853.25 | -32.25 | £836 |
| 3 mths | £877 | -34.5 | £859.5 |
| Gold troy oz | $407.5 | -9.25 | $395.5 |
| Lead Cash | £360.5 | -13.5 | £326 |
| 3 mths | £373.5 | -14 | £339.75 |
| Nickel | £3678.69 | ...... | £4187.2 |
| Free mkt | 250/290c | ...... | 234/64c |
| Platin'mtr'y oz | £260 | ...... | £260 |
| Freemkt | £211.30 | -4.95 | £196.70 |
| Quicksilver† | $416/422 | -2.5 | $418/428 |
| Silver troy oz | 460.45p | -7.8 | 423.65p |
| 3 mths | 477.15p | -7.1 | 438.05p |
| Tin Cash | £8,353 | -24.5 | £8354 |
| 3 mths | £8,805 | -50 | £8650.5 |
| Tungsten22.0lb | $134.48 | ...... | $138.06 |
| Wolfrm 22.04lbs | $120/125 | ...... | $128/133 |
| Zinc Cash | £460.5 | -7.5 | £459.5 |
| 3 mths | £466.5 | -6.5 | £451.5 |
| Producers | $920/50 | ...... | $1000 |
| **Oils** | | | |
| Coconut (Phil) | $552.5y | ...... | $577.5 |
| Groundnut | $715y | +5 | ...... |
| Linseed Crude | ‡ | ...... | £425 |
| Palm Malayan | $482.5x | +7.5 | $502.5 |
| **Seeds** | | | |
| Copra Philip | $350 | +2.5 | $355 |
| Soyabean(U.S.) | $256.5x | ...... | $259.5 |
| **Grains** | | | |
| Barley Fut.Mar | £108.00 | +0.30 | £106.70 |
| Maize | ‡ | ...... | £128.00 |
| Wheat Fut.Mar | £112.95 | +0.35 | £110.95 |
| No2 HardWint | ‡ | ...... | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1225 | -13 | £1,137 |
| Future Mar. | £1135.5 | -18.0 | £1075.5 |
| Coffee Ft' Mar | £1119.5 | -5.5 | £1155.5 |
| Cotton A.Index | 67.45c | ...... | 70.75c |
| Gas Oil Jan. | $328.75 | -0.25 | $324.5 |
| Rubber (kilo) | 49.50p | -1.50 | 54.5p |
| Sugar (Raw) | £172wz | ...... | £153 |
| Woolt'ps 64s kl. | 380p kilo | +1 | 376p kilo |

‡ Unquoted. w Dec-Jan. x Jan. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

# AMERICAN MARKETS

NEW YORK, December 21.

Technical selling and a lack of reaction to the Polish news attracted heavy selling in precious metals. Copper was little changed after recovering as reports of further mine shutdowns in the U.S. were confirmed. Heating oil prices advanced on continued cold weather in the East extending into Florida. Grains and soyabeans sold off on the bearish implications of the Polish situation, reported Heinold.

Copper—Dec 72.05 (72.05), Jan 72.25 (72.35), Feb 73.10, March 73.90-74.20, May 75.60-75.65, July 77.25, Sept 78.95, Dec 81.40, Jan 82.25, March 83.95, May 85.65, July 87.35, Sept 89.05.

Potatoes (round whites)—Feb 68.4 (68.9), March 72.0-72.3 (73.4), April 78.7-78.9, Nov 75.1. Sales: 445.

¶Silver—Dec 825.0 (868.5), Jan 827.5 (872.0), Feb 836.2, March 844.0-846.0, May 864.0-866.0, July 883.0-884.0, Sept 902.9, Dec 936.0, Jan 941.4, March 960.7, May 980.0, July 1000.0, Sept 1020.0. Handy and Harman bullion spot: 843.00 (892.00).

Sugar—No 11: Jan 13.35 (13.35), March 13.68-13.73 (13.49), May 13.80-13.82, July 13.93, Sept 14.06-14.07, Oct 14.29-14.30, Jan 14.10-14.30, March 14.85-14.89, May 14.85-15.05.

Tin—690.00-705.00 (692.00-705.00).

CHICAGO, December 21.

Lard—Chicago loose 18.25 (same).

Live Cattle—Feb 56.45-56.57 (57.37), April 55.75-55.90 (56.77), June 58.50-58.45, Aug 55.50-55.40, Oct 54.65-54.50, Dec 55.72.

Live Hogs—Feb 40.00-40.10 (40.12), April 38.40-38.45 (38.60), June 41.60, July 42.90-42.85, Aug 41.80, Oct 41.17, Dec 43.05, Feb 44.55.

‡‡Maize—Dec 249 (249¼), March 265½-266 (266½), May 274½-276, July 280½-280¼, Sept 282-281½, Dec 285¾-285¼.

Pork Bellies—Feb 54.50-54.70 (55.10), March 54.55-54.70 (55.20), May 56.10-55.90, July 57.25-57.10, Aug 56.70-56.60.

†Soyabeans—Jan 607-606½ (618), March 620½-619½ (630¼), May 633-632½, July 647-647½, Aug 648½, Sept 648½, Nov 654½, Jan 669½.

‖Soyabean Meal—Dec 181.0 (184.0), Jan 181.2-181.1 (184.2), March 183.3-183.5, May 186.5-186.2, July 189.0, Aug 189.0-189.8, Sept 190.8-191.0, Oct 190.5, Dec 195.0-195.5.

Soyabean Oil—Dec 18.73 (18.88), Jan 18.81-18.85 (19.02), March 19.43-19.45, May 19.97, July 20.55-20.50, Aug 20.50-20.55, Sept 20.55-20.60, Oct 20.70-20.75, Dec 21.10-21.20, Jan 21.05-21.15.

†Wheat—Dec 364½-364 (373), March 382½-383 (392½), May 391½-392, July 392½-393, Dec 421.

WINNIPEG, December 21.

§Barley—Dec 130.90 (120.90), March 126.40 (126.60), May 129.70, July 131.30, Oct 134.50.

*Gold—Dec 400.8 (412.7), Jan 402.5 (414.5), Feb 405.0-406.0, April 412.0-413.5, June 421.0-422.5, Aug 431.4, Oct 41.0, Dec 447.0, Feb 460.7, April 470.0, June 481.0, Aug 491.2, Oct 501.5.

*Platinum—Jan 381.0-382.0 (400.5), April 391.5-392.0 (411.5), July 404.8, Oct 419.1, Jan 438.1. Sales: 3,053.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 234.69 (235.19).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

# EUROPEAN MARKETS

ROTTERDAM, December 21.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter, 13.5 per cent: Dec 20/Jan 10 202, Feb 206, March 209. U.S. No. Two Red Winter, Jan 180, Feb 182, March 184. U.S. No. Three Amber Durum: mid-Jan/mid-Feb 208, April/May 192, May 193, June 193, July 195, Aug 197, Sept 199, Oct 202, Nov 203. U.S. No. Two Northern Spring 14 per cent, Dec 186, Jan 196, Feb 198, March 200, April/May 190, May/June 190.50, June 193, July 192. Canadian Western Red Spring: April/May 217.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow: afloat 118.50, Dec 122, Jan 119, Feb 121.50, March 124, April/June 127.50, July/Sept 131.50, Oct/Dec 132.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports: Jan 250, Feb 254, March 256.25, April 258, May 260, June 261.50, July 263, Aug 263.50, Sept 263.50, Oct 262.50, Nov 262.50, Dec 266.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., afloat 232, Dec 234, Jan 234, Feb 237, March 238, April/Sept 238 sellers. Brazil Pellets: Afloat 242, Dec 247, Jan/March 253, April/Sept 243 sellers.

Sugar—(FFr per tonne): March 1970-1973, May 2005-2008, July 2020-2040, Aug 2070-2085, Oct 2085-2105, Nov 2085-2105, Dec 2110-2130, March 2130-2155. Sales at call: Nil.

PARIS, December 21.

Cocoa—(FFr per 100 kg): Dec 1195/1218, Mar 1221-1222, May 1227.50-1232, July 1266-1268, Sept 1275-1279, Dec 1290-1295, Mar 1302-1305. Sales at call: 11.

## INDICES

### FINANCIAL TIMES

| Dec. 18 | Dec. 17 | Month ago | Year ago |
|---|---|---|---|
| 247.14 | 248.19 | 247.98 | 268.43 |

(Base: July 1, 1952=100).

### MOODY'S

| Dec. 18 | Dec. 17 | Month ago | Year ago |
|---|---|---|---|
| 984.0 | 981.2 | 985.1 | 1227.0 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Dec. 18 | Dec. 17 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 354.93 | 358.74 | 356.96 | 440.46 |
| Fut'rs | 359.69 | 362.90 | 367.97 | 459.99 |

(Average 1924-25-26=100)

### REUTERS

| Dec. 21 | Dec. 18 | M'nth ago | Year ago |
|---|---|---|---|
| 1616.8 | 1613.4 | 1613.8 | 1728.8 |

(Base: September 18, 1931=100)

# Interest rate worries a factor as pre-Christmas Account approaches today's close—UEI resumption

**Account Dealing Dates**

| *First Dealings | Option Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Dec 7 | Dec 17 | Dec 22 | Jan 4 |
| Dec 23 | Jan 7 | Jan 8 | Jan 18 |
| Jan 11 | Jan 21 | Jan 22 | Feb 1 |

* "New time" dealings may take place from 9.30 am two business days earlier.

Investment activity sank to extremely low levels in London stock markets yesterday, the penultimate session of the extended pre-Christmas trading Account. Concern about interest rate levels increased following another upward twist in UK money market rates and Gilt-edged securities soon went lower. The latest CBI survey with its forecast of continuing stagnation of output levels was also a deterrent and the Funds were troubled, too, by recent warnings about heavy private sector bank borrowing.

Longer-dated stocks fell ½ in thin trading before attracting bear-covering which reduced the losses to around ¼. One or two discount houses were again reducing their holdings of the £40-paid short tap stock, Exchequer 14 per cent 1986, which changed hands at 36¼ prior to closing a net ½ down at 36½, but other losses at this end of the market rarely exceeded ¼.

Leading shares were influenced by the fresh dullness in Gilts, but only after they had opened higher in response to Wall Street's recovery on Friday. The continuing adverse weather conditions again affected business and interest was largely centred on the subjects of weekend Press comment and current bid favourites. In resumed dealings, **United Engineering Industries** closed 35 up on its suspension price of 205p. **Burmah's** offer for **Croda International** triggered above-average interest in the latter and also for selected other Chemicals.

"New-time" interest for the trading Account beginning tomorrow was negligible throughout the equity sectors, but dealers were hopeful that it would improve today. However, with Wall Street edging lower in yesterday's early trade, leading industrials eased after-hours and the FT Industrial Ordinary share index, 1.6 better at *11.00 am and a net 0.4 up at* 3.00 pm, closed 0.6 down on the day at 520.7.

Seasonal celebrations precluded any real activity in Traded options where contracts completed amounted to a paltry 654, of which 570 were taken out in calls. Only **Imperial** attracted a three-figure business with 202 calls completed, 100 of which were struck in the May 70's.

**Baillie Gifford Japan Trust** made a quiet market debut and opened and closed at 97p compared with the issue price of 100p.

## Guinness Peat down

Reduced hopes about a partial offer emanating from group president Lord Kissin, **Guinness Peat** followed last week's decline of 12 with a fall of 8 to 80p. Elsewhere in merchant banks, **Hambros** rose 7 to 162p in response to Press comment. **FNFC** touched 36½p before closing a net fraction harder at 35½p following renewed speculative support in the wake of weekend Press comment. Up 50 last week on bid speculation, **Bank of Scotland** encountered profit-taking and shed 7 to 496p in the absence of developments. The major clearing banks drifted lower on lack of support. **Midland** lost 8 to 322p; **NatWest** shed 7 to 385p as did **Barclays**, 425p, and **Lloyds**, 416p.

Insurances were inclined easier after a small trade. **Royals** eased 5 to 330p and **General Accident**, 316p, and **Sun Alliance**, 826p, dipped 4 apiece.

Breweries traded quietly and generally without distinction although **Scottish and Newcastle** were noteworthy for a fall of 2 at 47½p ahead of preliminary results due today. News that John Lawrence (Glasgow) controls around 8.6 per cent of the company failed to inspire **Belhaven**, a penny cheaper at 19p. Among Wines and Spirits, **Distillers** remained a nervous market in the wake of the disappointing interim results and forecasts of reduced annual earnings and eased 3 more to 161p. **Arthur Bell**, on the other hand, attracted late support and rose that much to 153p.

Leading Building issues attracted occasional support, **Blue Circle**, 486p, and **Tarmac**, 388p, firming 6 apiece. Investment demand left **Barratt Developments** 4 dearer at 214p. Among secondary issues, **Breedon and Cloud Hill Lime Works** gained 5 to 160p, after 163p, on favourable comment, while **Wiggins Group** put on 6 to 79p following revived speculative interest. **Beechwood Construction** added 2 to 20½p on further consideration of the interim results. **Jayplant**, formerly dealt under Rule 163 (2) A, made its debut in the Unlisted Securities Market and touched 7p before closing at 6½p.

Up 25½ on Friday, following the dawn raid and subsequent bid of 70p cash per share from Burmah, **Croda International** gained another 7 to 76p on hopes of an increased offer; **Croda Deferred** closed 7 up at 46p compared with the cash offer worth 37p. The prospect of other bids *in the Chemical sector* stimulated further support for **Coalite**, up 6 more at 125p, and **Coates Brothers "A,"** 5 to the good at 53p. The appearance of one buyer lifted **Rentokil** 4 to 152p. **ICI**, marked up to 286p at the outset on Press comment, drifted off to close unchanged on balance at 280p. **Fisons** touched 165p on U.S. bid hopes before reacting on profit-taking to close a penny cheaper on balance at 152p.

Leading Stores closed with modest gains following a lacklustre day's trading. **Burton**, 135p, and **British Home**, 120p, both added a couple of pence, while **Gussies "A"** firmed 3 at 422p. **Mothercare** added a penny to 175p; on Friday, merger partners **Habitat** bought 200,000 shares at 172½p; Habitat ended 2 cheaper at 118p. Secondary counters remained irregular. **J. Hepworth**, 99p, lost most of Friday's gain of 4, while support was also lacking for **Executex Clothes**, 3 off at 12p. A Press mention helped **Fine Art Developments** to put on 2 at 45p, while **Cornell Dresses** came in for revived speculative demand and rose 5 to 152p.

## Dubilier better

Secondary issues provided the main interest in an otherwise lethargic Electrical sector. **Dubilier** put on 4 to 57p in response to the 10 per cent annual dividend increase and satisfactory preliminary profits. **Automated Security** gained 4 to 181p on an investment recommendation, while similar improvements were seen in **A. Bulgin**, 25p, **Sound Diffusion**, 58p, and **Ward and Goldstone**, 108p. **United Scientific**, at 537p, lost 13 of Friday's gain of 28 which followed the good results and proposed 100 per cent scrip-issue. **Arlen** shed 3 to 22p and **First Castle Securities** cheapened 4 to 85p. Of the narrowly mixed leaders, **GEC** edged forward a couple of pence to 810p but **Thorn EMI** eased the turn to 453p.

Leading Engineers trended a shade easier, but business was barely sufficient to test prices. **Hawker**, 320p, and **Tubes**, 116p, both gave up 2, while **John Brown** closed a penny lower at 58p. Following the completion *of several acquisitions, dealings* resumed in **United Engineering Industries** which opened at 250p and touched 255p before settling at 240p compared with the suspension price of 205p. **Moss Engineering** closed a penny firmer at 100p following the announcement that Biwater had purchased a further 13,633 ordinary shares in the former which brings its holding in the company to 12½ per cent. **Staveley** improved 5 to 212p and **600 Group** edged up 3 to 71p. Scattered support lifted **Brasway** 2 more to 86p, while **British Northrop** hardened a penny to 15p on the return to profitable trading at the half-way mark. **Chemring**, down 5 at 225p, on the other hand, met occasional profit-taking after last Friday's jump of 32p on the increased dividend and profits.

**Cullens**, a rising market recently on speculative interest, attracted further support following favourable press comment and in a limited market, touched 215p before closing a net 5 up at 210p; the A shares closed unchanged on balance at 200p, after touching 208p. **Huntley and Palmer** were actively traded and put on 4 to 84p on bid hopes. **Brooke Bond** softened a fraction to 46½p; the price in Saturday's issue was incorrect.

## Bowater active

Interest in the miscellaneous industrial was at a low ebb. However, **Bowater** attracted a fairly good trade as renewed investment buying pushed the shares up 5 to 211p. Elsewhere, **Peter Black** rose 9 to 204p on speculative buying and **Gripperrods** put on 7 to 121p in response to press comment. Reflecting vague takeover rumours, **Royal Worcester** gained 8 afresh to 178p, while **RFD** appreciated 3 to 42p following the better-than-expected interim results. **Siebe Gorman**, 180p, and **Burns-Anderson**, 27p, both improved a shade following trading news and **Sidlaw Industries**, still drawing strength from last week's excellent results and proposed 50 per cent scrip-issue, advanced 10 more to 240p. **GR Holdings** improved 10 to 235p in a restricted market, while **Aeronautical and General Instruments** added 5 at 215p.

The Leisure sector displayed several noteworthy movements. **Black and Edgington** attracted "new-time" interest and put on 10 to 58p, while **Pleasurama**, preliminary results due January 5, advanced 15 to 285p. **Piccadilly Theatre** added 3 to 62p on the satisfactory annual results, but **Norton and Wright** dropped 5 to 30p following the half-year loss.

The subject of considerable speculative activity last week following an unsuccessful dawn raid by QPR chairman Mr Jim Gregory, **Henlys** continued Friday's reaction on profit-taking and fell 7 more to 107p. In contrast, a favourable press mention lifted **Glanfield Lawrence** a couple of pence to 45p.

## Oils inclined easier

Press comment on last week's surprise agreed bid by **Town and City** for **Berkeley Hambro** left *the former 1½* up at 32p and the latter 4 up at a peak of 336p.

An extremely slow trade in Oils left the leaders a few pence cheaper. **Shell** drifting off to close 4 down at 398p and **British Petroleum** easing a couple of pence at 316p. Among the more speculative issues, **Tri Basin** rallied 7 to 127p, but **Sceptre Resources** turned reactionary at 592p, down 13. Renewed support lifted **Palliser Resources** 5 more to 170p. **Ohio Resources**, in contrast, eased 5 to 60p.

Overseas Traders were mixed. **Sime Darby** closed 4 to the good at 77p, but **Boustead**, 111p, gave up 4 of Friday's rise of 6 which stemmed from revived speculative demand. **Lonrho** shed a *couple of pence to 75p.*

Movements in Trusts were limited to a few pence either way. Among Financials, **R. P. Martin** firmed 8 to 308p, but **Exco** drifted off a couple of pence to 178p. **London Merchant Securities** continued firmly at 52p, up 2.

Firm spots in Shippings included **Gotaas-Larsen**, 15 higher at 245p in a restricted market, and **Ocean Transport** which edged up a couple of pence to 106p.

## Golds lower

A combination of weak precious and base-metal prices led to widespread *falls in mining* markets.

The $9.25 fall in the bullion price, to $407.50 an ounce, encouraged persistent selling of Golds from Johannesburg and the Continent. This was quickly followed by sizable London selling and share prices closed at the day's lowest. The Gold Mines index gave up 5.1 to 332.9.

Heavyweights showed losses ranging to ¾ as in **Vaal Reefs**, £36¾, while **Western Holdings** dropped ½ to 26 and **Free State Geduld** and **President Steyn** ¾ apiece to £17½ and £16½ respectively.

Interest in South African Financials remained subdued, **Gold Fields of South Africa** dipping ⅜ to £39⅜.

London Financials closed at the day's lowest mirroring the performances in metal markets. **Rio Tinto-Zinc** were finally 8 down at 455p, while **Gold Fields** gave up 5 to 500p and **Charter** 2 to 255p, after 258p.

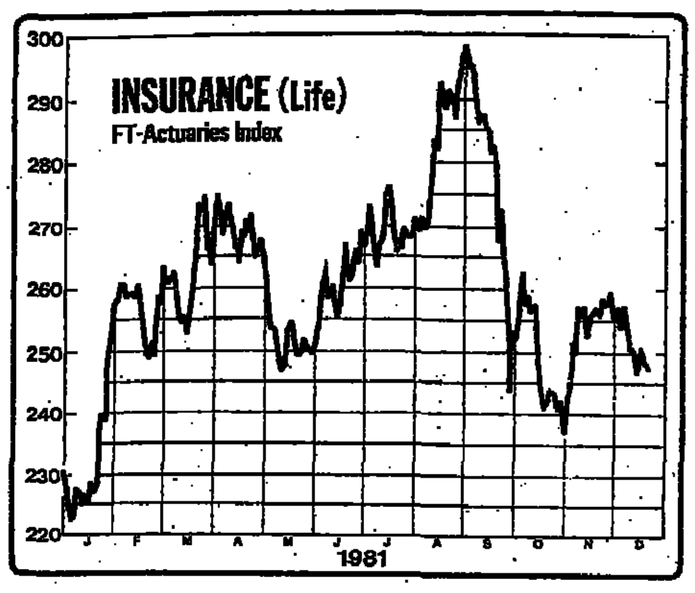
Platinums moved narrowly as did Coppers. Australians were generally easier with the market again subdued by the lack of good news from the oil and gas drilling rigs and the overall weakness of metal prices. **Claremont Petroleum** dropped 12 more *to 69p, after 68p.*

The trend in base-metal prices left the leading mining issues showing minor losses. **Gold Mines of Kalgoorlie** gave up 10 to 375p and **Hampton Areas** 4 to 158p, while **Pancontinental** dipped 6 to 148p.

On the other hand **Meekatharra Minerals** jumped 35 to a 1981 high of 510p on renewed speculative buying.

omission.

Malaysian Tins held quietly steady, but **Geevor Tin** dropped 7 more to 143p on further consideration of the first-half loss and the interim dividend omisison.




## FINANCIAL TIMES STOCK INDICES

| | Dec. 21 | Dec. 18 | Dec. 17 | Dec. 16 | Dec. 15 | Dec. 14 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs.... | 61.89 | 62.06 | 62.56 | 62.81 | 62.50 | 62.33 | 69.06 |
| Fixed Interest ........ | 62.92 | 63.05 | 63.28 | 63.38 | 63.30 | 63.32 | 70.48 |
| Industrial Ord......... | 520.7 | 521.3 | 518.7 | 520.6 | 513.5 | 513.6 | 464.6 |
| Gold Mines............. | 332.9 | 338.0 | 334.5 | 335.5 | 333.8 | 346.0 | 441.4 |
| Ord. Div. Yield....... | 5.78 | 5.78 | 5.80 | 5.79 | 5.87 | 5.88 | 7.65 |
| Earnings, Yld. % (full) | 10.12 | 10.12 | 10.11 | 10.09 | 10.23 | 10.24 | 17.11 |
| P/E Ratio (net) (*)... | 12.62 | 12.62 | 12.50 | 12.52 | 12.36 | 12.49 | 7.17 |
| Total bargains ....... | 14,417 | 12,403 | 13,669 | 13,827 | 13,800 | 13,548 | 16,070 |
| Equity turnover £m. | — | 126.42 | 116.17 | 107.43 | 100.75 | 85.86 | 89.08 |
| Equity bargains...... | — | 10,947 | 12,070 | 10,404 | 10,233 | 10,663 | 11,897 |

10 am 522.5. 11 am 522.9. Noon 522.0. 1 pm 522.0.
2 pm 521.2. 3 pm 521.7.
Latest Index 01-246 8026.
*Nil=11.27.

*Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord.* 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

## HIGHS AND LOWS — S.E. ACTIVITY

| | 1981 High | 1981 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs... | 70.61 (20/5) | 60.17 (26/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int.... | 72.01 (20/5) | 61.51 (26/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord...... | 597.3 (30/4) | 446.0 (14/1) | 597.3 (30/4/81) | 49.4 (26/6/40) |
| Gold Mines.* | 429.0 (14/9) | 262.6 (29/6) | 558.9 (22/9/80) | 43.5 (26/10/71) |

| | Dec. 18 | Dec. 17 |
|---|---|---|
| —Daily Gilt Edged Bargains... | 127.2 | 126.2 |
| Equities Bargains... | 70.9 | 78.2 |
| Value........ | 255.5 | 234.8 |
| 5-day Avrge. Gilt-Edged Bargains | 136.1 | 139.1 |
| Equities Bargains .. | 70.4 | 69.7 |
| Value........ | 216.9 | 199.0 |

# RECENT ISSUES

## EQUITIES

| Issue price p | Amount Paid up | Latest Renunc. Date | 1981 High | 1981 Low | Stock | Closing price p | + or − | Div. amount | Times covered | Gross yield | P.E. ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| §80 | F.P. | 8/1 | 84 | 80 | ‡A & G Sec. Elecs.5p | 83 | ...... | b2.75 | 3.5 | 5.0 | 20.7 |
| — | F.P. | 4/12 | 850 | 775 | ‡Asprey | 850 | +50 | 35.0 | 3.3 | 5.8 | 5.8 |
| 100 | F.P. | — | 97 | 97 | BaillieGiffordJ'n Tst. | 97 | ...... | — | — | — | — |
| §35 | F.P. | — | 35 | 32 | ‡City Site | 33 | ...... | b0.5 | 1.2 | 2.2 | 54.8 |
| 225 | F.P. | 5/2 | 240 | 233 | Comp.&Systs.Eng 20p | 238 | +2 | b3.15 | 3.8 | 1.9 | 14.9 |
| 82 | F.P. | 22/1 | 86 | 83 | Cussins Prop. | 84 | ...... | b4.9 | 2.6 | 8.3 | 6.2 |
| 80 | F.P. | 15/1 | 84 | 81 | ‡Equipu | 83 | ...... | bd6.1 | 2.1 | 8.3 | 12.8 |
| | F.P. | — | 10 | 9 | F&C Enter. Warrants | 9 | −1 | — | — | — | — |
| 61 | F.P. | 22/1 | 63 | 62 | ‡Good Relations Grp | 62 | ...... | b3.8 | 3.0 | 5.8 | 12.3 |
| §50 | F.P. | 9/12 | 60 | 39 | ‡Gr'nw'hCable&Cm. | 39 | ...... | — | — | — | — |
| 100 | F.P. | 22/1 | 109 | 101 | ‡Hardanger Prop. | 101 | ...... | bd9.8 | 3.2 | 13.9 | 4.7 |
| 150 | F.P. | 4/1 | 165 | 157 | ‡Hayters | 158 | ...... | b10.5 | 1.8 | 9.8 | 7.3 |
| 100 | F.P. | 8/1 | 104 | 100 | New Australia Inv.50p | 103 | ...... | — | — | — | — |
| US$5.80 | F.P. | — | 305 | 288 | Newmarket (1981) | 288 | −10 | — | — | — | — |
| US$4.25 | F.P. | — | 205 | 145 | ‡Nimslo Int. 20c. | 155 | ...... | — | — | — | — |
| §§ | F.P. | — | 9 | 4½ | Peak Hldgs. | 7½ | ...... | — | — | — | 5.1 |
| — | F.P. | — | 14½ | 8 | Sampang (Java) 2½p | 13 | −1½ | — | — | — | — |
| — | 50p | — | 82 | 70 | ‡Saxon Oil | 70 | ...... | — | — | — | — |
| §67 | F.P. | 18/12 | 70 | 68 | ‡Sheldon Jones | 69 | ...... | u3.5 | 2.4 | 7.2 | 7.8 |
| 115 | F.P. | — | 120 | 118 | Speyhawk | 120 | ...... | bd7.0 | 2.5 | 8.5 | 5.4 |
| † | F.P. | 31/12 | 33 | 31 | ‡Television South10p | 33 | ...... | — | — | — | — |
| — | F.P. | — | 5 | 4½ | Viners 1p | 4½ | ...... | — | — | — | — |

## FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc date | 1981 High | 1981 Low | Stock | Closing price | + or − |
|---|---|---|---|---|---|---|---|
| 97.45 | £25 | — | 26½ | 23¼ | Caisse Nat. Des Auto. 16% Gtd. Ln. 2006 | 23½ | −¼ |
| 100 | F.P. | 25/2 | 103 | 102 | Essex Water 10% Red. Prf. 1986 | 102½ | ...... |
| ‖ | Nil | — | 7pm | 5pm | Haslemere Est 9pc.Conv Uns Ln. 2001/06 | 6pm | +½ |
| ¶§ | F.P. | — | 155p | 135p | McLeod Russel 8.4% Cnv. Red. Cum. Prf | 145p | −2 |
| §100 | F.P. | — | 100½ | 99 | Nat'wide Bdg.Society 15½% Bds (24/11/82) | 99 | ...... |
| §100 | F.P. | — | 100 | 99¼ | Do. 15½% Bds. (13/12/82) | 99¼ | ...... |
| 69 | F.P. | — | 78 | 64 | Pennine Comm. 12pc. Conv. Uns. Ln. 1991 | 65 | −5 |
| 70 | F.P. | — | 73 | 54 | Do. 15½ pc. Uns. 1986 | 69 | −4 |
| — | F.P. | — | 135 | 115 | Viners 10% Cnv. Loan 1988 | 118 | ...... |

## "RIGHTS" OFFERS

| Issue price p | Am'unt paid up | Latest Renunc. date ● | Latest Renunc. date ■ | 1981 High | 1981 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 7½ | Nil | 31/12 | 29/1 | 1pm | ½pm | Abwood Mach. | ½pm | ...... |
| 142 | Nil | 29/12 | 29/1 | 15½pm | 13pm | Brown (M) | 15pm | ...... |
| 2.5A$ | Nil | — | — | 92pm | 60pm | C S R | 78pm | −4 |
| 162 | Nil | 23/12 | 21/1 | 21pm | 15pm | Great Portland Estates | 17pm | +2 |
| 44 | Nil | — | — | 6pm | 6pm | Lennons Grp. | 6pm | ...... |
| 7½ | F.P. | 18/12 | 15/1 | 9½ | 7¼ | Raglan Prop. | 9 | ...... |
| 90 | Nil | — | — | 10pm | 7pm | Rea Brothers | 10pm | ...... |
| 50 | F.P. | 17/12 | 21/1 | 52 | 50 | Strong & Fisher | 52 | ...... |
| 05 cts | Nil | 10/12 | 28/1 | 117pm | 108pm | T N T | 115pm | ...... |

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not *now ranking for dividend or ranking only* for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Bank of Scotland ...... | 496 | − 7 | Huntley and Palmer ... | 84 | + 4 |
| Bowater ................ | 211 | + 5 | Jardine Matheson ...... | 180 | +12 |
| Claremont .............. | 69 | −12 | Meekatharra ............ | 510 | +35 |
| Croda International ... | 76 | + 7 | P. & O. Deferred ...... | 123 | − 1 |
| FNFC .................... | 35½ | + ½ | Racal Electronic ........ | 425 | — |
| Henlys .................. | 107 | − 7 | United Engineering ... | 240 | — |

## FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Friday's closing price pence | Day's change | Stock | No. of price changes | Friday's closing price pence | Day's change |
|---|---|---|---|---|---|---|---|
| Croda Intl Dfd | 18 | 39 | +18 | ICI ........... | 10 | 280 | + 2 |
| Burmah Oil ... | 12 | 124 | − 6 | Bank of Scot | 9 | 503 | +15 |
| Utd Scien New | 12 | 545 | +28 | Cable & Wire | 9 | 207 | + 1 |
| Assoc Dairies | 11 | 126 | + 4 | FNFC ........ | 9 | 35 | − ½ |
| Fisons ........ | 11 | 153 | + 8 | RTZ ........... | 9 | 463 | + 3 |
| GEC .......... | 11 | 808 | + 6 | Shell Trans ... | 9 | 402 | − 4 |
| Huntly & Palm | 10 | 80 | + 3 | Whessoe ...... | 9 | 164 | + 6 |

# WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 21, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 99.0 |
| Albania | Lek | 10.02 |
| Algeria | Dinar | 7.8725 |
| Andorra | French Franc | 10.78 |
| | Spanish Peseta | 183.10 |
| Angola | Kwanza | (CM) 62.936 |
| | | (T) 65.139 |
| Antigua (S) | E. Caribbean $ | 5.05 |
| Argentina | Ar. Peso | (cm) 13,420.0 |
| | | (fn) 20,699.0 |
| Australia (S) | Australian $ | 1.6645 |
| Austria | Schilling | 29.975 |
| Azores | Portugu'se Escudo | 122.95 |
| Bahamas (S) | Ba. Dollar | 1.8720 |
| Bahrain (S) | Dinar | 0.705 |
| Balearic Isles | Spa. Peseta | 183.10 |
| Bangladesh (S) | Taka | 37.00 |
| Barbados (S) | Babados $ | 3.7440 |
| Belgium | B. Franc | (cm) 71.80 |
| | | (fn) 79.85 |
| Belize | B $ | 3.7440 |
| Benin | C.F.A. Franc | 539.0 |
| Bermuda (S) | Bda $ | 1.8720 |
| Bhutan | Indian Rupee | 17.25 |
| Bolivia | Bolivian Peso | 46.50 |
| Botswana (S) | Pula | 1.6660 |
| Brazil | Cruzeiro ‡‡ | 234.87 |
| Brit. Virgin Isles (S) | U.S. $ | 1.8720 |
| Brunei (S) | Brunei $ | 3.8640 |
| Bulgaria | Lev | 1.7725 |
| Burma | Kyat | 12.10 |
| Burundi | Burundi Franc | 175.21 |
| Cameroon Republic | C.F.A. Franc | 539.0 |
| Canada | Canadian $ | 2.2210 |
| Canary Islands | Spanish Peseta | 183.10 |
| Cape Verde Isle | Cape V. Escudo | 68.65 |
| Cayman Islands (S) | Cay. Is. $ | 1.5600 |
| Cent. Af. Repub. | C.F.A. Franc | 539.0 |
| Chad | C.F.A. Franc | 539.0 |
| Chile | C. Peso | (Bk) 73.22 |
| China | Renminbi Yuan | 3.2965 |
| Colombia | C. Peso | (F) 110.13 |
| Comoro Islands | C.F.A. Franc | 539.0 |
| Congo (Brazaville) | C.F.A. Franc | 539.0 |
| Costa Rica | Colon | 37.50 |
| Cuba | Cuban Peso | 1.5060 |
| Cyprus (S) | Cyprus £ | 0.820 |
| Czechoslovakia | Koruna | (com) 11.00 |
| | | n/c 19.16 |
| | | (T) 18.55 |
| Denmark | Danish Krone | 13.91 |
| Djibouti | Fr. | 300 (sg) |
| Dominica (S) | E. Caribbean $ | 5.05 |
| Dominican Repub. | Dominican Peso | 1.8720 |
| Ecuador | Sucre | (O) 46.89 |
| | | (F) 63.08 |
| Egypt | Egyptian £ | (u) 1.56 |
| Equatorial Guinea | Ekuele | 365.20 |
| Ethiopia | Ethiopian Birr | (P) 3.8250 |
| Falkland Islands (S) | Falkland Is. £ | 1.0 |
| Faroe Islands | Danish Krone | 13.91 |
| Fiji Islands | Fiji $ | 1.6495 |
| Finland | Markka | 8.245 |
| France | French Franc | 10.78 |
| French C'ty in Af | C.F.A. Franc | 539.0 |
| French Guiana | Local Franc | 10.78 |
| French Pacific Is. | C.F.P. Franc | 191 (sg) |
| Gabon | C.F.A. Franc | 539.0 |
| Gambia (S) | Dalasi | 4.0 |
| Germany (East) | Ostmark | 4.27 |
| Germany (West) | Deutsche Mark | 4.27 |
| Ghana (S) | Cedi | 5.20 |
| Gibraltar (S) | Gibraltar £ | 1.0 |
| Greece | Drachma | 109.2845 |

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Greenland | Danish Kroner | 13.91 |
| Grenada (S) | E. Caribbean $ | 5.05 |
| Guadaloupe | Local Franc | 10.78 |
| Guam | U.S. $ | 1.8720 |
| Guatemala | Quetzal | 1.8720 |
| Guinea Republic | Syli | 39.95 |
| Guinea Bissau | Peso | 71.20 |
| Guyana (S) | Guyanese $ | 5.6355 |
| Haiti | Gourd | 9.36 |
| Honduras Repub. | Lempira | 3.77 |
| Hong Kong (S) | H.K. $ | 10.625 |
| Hungary | Forint | 65.8438‡‡ |
| Iceland (S) | I. Krona | 15.483 |
| India (S) | Ind. Rupee | 17.25 |
| Indonesia | Rupiah | 1,184.4 |
| Iran | Rial | 149.0 (sg) |
| Iraq | Iraq Dinar | 0.55625 |
| Irish Republic (k) | Irish £ | 1.1985 |
| Israel | Shekel | 29.10 |
| Italy | Lira | 2,276.0 |
| Ivory Coast | C.F.A. Franc | 539.0 |
| Jamaica (S) | Jamaica Dollar | 3.3385 |
| Japan | Yen | 412.50 |
| Jordan (S) | Jordan Dinar | 0.624 |
| Kampuchea | Riel | 2,246.4 |
| Kenya (S) | Kenya Shilling | 19.32 |
| Kiribati | Australian $ | 1.6645 |
| Korea (Nth) | Won | 1.76 (i) |
| Korea (Sth) | Won | 1,313.8 |
| Kuwait | Kuwait Dinar | 0.530 |
| Laos | New Kip | 18.72 |
| Lebanon | Lebanese £ | 8.7890 |
| Lesotho | Loti | 1.8095 |
| Liberia | Liberian $ | 1.8720 |
| Libya | Libyan Dinar | 0.5542 |
| Liechtenstein | Swiss Franc | 3.405 |
| Luxembourg | Lux Franc | 71.80 |
| Macao | Pataca | 10.95 |
| Madeira | Portug'se Escudo | 122.95 |
| Malagasy Republic | MG Franc | 539.0 |
| Malawi (S) | Kwacha | 1.7120 |
| Malaysia (S) | Ringgit | 4.2390 |
| Maldive Islands (S) | Mal Rupee | 7.3885 |
| Mali Republic | Mali Franc | 1,078.0 |
| Malta (S) | Maltese £ | 0.7360 |
| Martinique | Local Franc | 10.78 |
| Mauritania | Ouguiya | 96.18 |
| Mauritius (S) | M. Rupee | 19.486 |
| Mexico | Mexican Peso | 48.75 |
| Miquelon | C.F.A. Franc | 539.0 |
| Monaco | French Franc | 10.78 |
| Mongolia | Tugrik | [illegible] |
| Montserrat | E. Caribbean $ | 5.05 |
| Morocco | Dirham | 9.86 (sg) |
| Mozambique | Metical | 55.66 |
| Nauru | Australian Dollar | 1.6645 |
| Nepal | Nepalese Rupee | 24.60 |
| Netherlands | Guilder | 4.675 |
| Netherland Antilles | Antillian Guilder | 3.3508 |
| New Zealand (S) | N.Z. Dollar | 2.2840 |
| Nicaragua | Cordoba | 18.773 |
| Niger Republic | C.F.A. Franc | 539.0 |
| Nigeria (S) | Naira | 1.2056 (4)(sg) |
| Norway | Norway Krone | 10.93 |
| Oman Sul'ate of (S) | Rial Omani | 0.646 |
| Pakistan | Pakistan Rupee | 18.58 |
| Panama | Balboa | 1.8720 |
| Papua N. Guinea (S) | Kina | 1.2725 |
| Paraguay | Guarani | (O) 234.61 |
| | | (F) 325.27 |

| PLACE AND LOCAL UNIT | | VALUE OF £ STERLING |
|---|---|---|
| Peru | Sol | exe (A) 913.59 |
| Philippines | Philippine Peso | 15.08 |
| Pitcairn Islands (S) | £ Sterling | — |
| | New Zealand $ | 2.2840 |
| Poland | Zloty | (Cm) 56.96 |
| | | (T) 56.96 |
| Portugal | Portugu'se Escudo | 122.95 |
| Puerto Rico | U.S. $ | 1.8720 |
| Qatar (S) | Qatar Ryal | 6.81 |
| Reunion Ile de la | French Franc | 10.78 |
| Romania | Leu | (Cm) 8.13 |
| | | (n/c) 20.01 |
| Rwanda | Rwanda Franc | 179.77 |
| St. Christopher (S) | E. Caribbean $ | 5.05 |
| St. Helena | St. Helena £ | 1.0 |
| S. Lucia | E. Caribbean $ | 5.05 |
| St. Pierre | Local Franc | 10.78 |
| S. Vincent (S) | E. Caribbean $ | 5.05 |
| Salvador El | Colon | 4.70 |
| Samoa American | U.S. $ | 1.8720 |
| San Marino | Italian Lira | 2,276.0 |
| Sao Tome & Prin. | Dobra | 73.20 |
| Saudi Arabia | Ryal | 6.42 |
| Senegal | C.F.A. Franc | 539.0 |
| Seychelles | S. Rupee | 11.60 (sg) |
| Sierra Leone (S) | Leone | 2.2228 |
| Singapore (S) | Singapore $ | 3.8640 |
| Solomon Islands (S) | Solomon Is. $ | 1.6675 |
| Somali Republic | Somali Shilling (3) | (A) 11.90 |
| Somali Republic | Somali Shilling (4) | 23.30 |
| South Africa (S) | Rand | 1.0895 |
| South West African Territories (S) | S. A. Rand | 1.8095 |
| Spain | Peseta | 183.10 |
| Spanish ports in North Africa | Peseta | 183.10 |
| Sri Lanka (S) | S. L. Rupee | 38.50 |
| Sudan Republic | Sudan £ (u) | 1.68 |
| Surinam | S. Guilder | 3.3508 |
| Swaziland (S) | Lilangeni | 1.8095 |
| Sweden | S. Krona | 10.465 |
| Switzerland | Swiss Franc | 3.405 |
| Syria | Syria £ | (A) 10.0 |
| Taiwan | New Taiwan $ | 67.40 |
| Tanzania (S) | Tan. Shilling | 15.50 |
| Thailand | Baht | 43.07 |
| Togo Republic | C.F.A. Franc | 539.0 |
| Tonga Islands (S) | Ha'anga | 1.6645 |
| Trinidad (S) | Trinidad & Tob. $ | 4.4928 |
| Tunisia | Tunisian Dinar | 0.939 (sg) |
| Turkey | Turkish Lira | 246.55 |
| Turks & Caicos | U.S. $ | 1.8720 |
| Tuvalu | Australian $ | 1.6645 |
| Uganda (S) | Uganda Shilling | 160.0 |
| United States | U.S. Dollar | 1.8720 |
| Uruguay | Uruguay Peso | (cm) 21.61 |
| | | (fn) 21.59 |
| Utd. Arab Emirates | U.A.E. Dirham | 6.89 |
| U.S.S.R. | Rouble | 1.3570 |
| Upper Volta | C.F.A. Franc | 539.0 |
| Vanuatu | Vatu | 175.65 |
| | Aust. Dollar | 1.6645 |
| Vatican | Italian Lira | 2,276.0 |
| Venezuela | Bolivar | 8.05 |
| Vietnam | Dong | (O) 4.10 |
| | | (T) 4.3110 |
| Virgin Islands U.S. | U.S. Dollar | 1.8720 |
| Western Samoa | S. Samoan Tala | 2.0395 |
| Yemen (Nth) | Ryal | 8.49 (sg) |
| Yemen (Sth) | S. Yemen Dinar | (A) 0.6460 |
| Yugoslavia | New Y Dinar | 75.1173 |
| Zaire Republic | Zaire | 10.88980 |
| Zambia | Kwacha | 1.6635 |
| Zimbabwe | Zimbabwe $ | 1.3560 |

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 78.60. **Rate is the transfer market (controlled). ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (§) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

## NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

### NEW HIGHS (25)

BRITISH FUNDS (1)
Treasury 3pc 1982
AMERICANS (1)
Norton Simon Inc.
CANADIANS (1)
Rio Algom
BEERS (1)
Bell (A.) 5½pc Cnv.
BUILDINGS (3)
Barratt Devs. — Jennings
Breedon Lime
CHEMICALS (3)
Croda Int. — Hickson & Welch
Do. Defd.
ELECTRICALS (2)
Nippon Electric — Security Centres
ENGINEERING (5)
Brasway — Weir Group
Moss Eng. — Do 10pc Cnv. Pf.
United Engineering
INDUSTRIALS (4)
Black (P.) — Pauls & Whites
G.R. (Hldgs.) — Sidlaw Inds.
LEISURE
HTV N/V
MOTORS (1)
Glanfield Lawrence
PROPERTY (1)
Berkeley Hambro
MINES (1)
Meekatharra

### NEW LOWS (30)

BRITISH FUNDS (14)
Exch 14pc 86 (£40) — Exch 10½pc 1995
Exch 13½pc 1987 — Treasury 14pc 1996
Treasury 13pc 1990 — Treasury 13½pc 97
Treasury 8¼pc 87-90 — Treasury 9½pc 99
Treasury 11½pc 91 — Exch 12pc 99-02
Treasury 12¾pc 92 — Fndg. 3½pc 99-04
Treasury 12½pc 93 — Treas. 11¾pc 03-07
BUILDINGS (2)
Allied Plant — Vectis Stone
CHEMICALS (1)
Morley (R. H.)
STORES (4)
Executex — Jones (Ernest)
Habitat — Raybeck
ELECTRICALS (1)
Arlen
ENGINEERING (1)
Garton Eng.
FOODS (1)
Barrow Milling
INSURANCE (2)
Phoenix — Royal
PROPERTY (1)
Carlton Real
OIL AND GAS (2)
New Court Nat. — Oslo Res.
RUBBERS (1)
Grand Central

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds ... | 2 | 76 | 13 |
| Corpns. Dom. & Foreign Bonds | 1 | 25 | 46 |
| Industrials .. | 239 | 199 | 919 |
| Financial & Props. | 74 | 72 | 364 |
| Oils ........... | 12 | 23 | 72 |
| Plantations ... | 9 | 2 | 11 |
| Mines .......... | 17 | 61 | 90 |
| Others ......... | 47 | 45 | 60 |
| Totals ......... | 401 | 503 | 1,575 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Dec 14 | Dec 29 | Mar 25 | Apr 5 |
| Jan 4 | Jan 15 | Apr 15 | Apr 26 |
| Jan 18 | Jan 29 | Apr 28 | May 10 |

*For rate indications see end of Share Information Service*

In a subdued Options market, calls were taken out in Brengreen, Royal Bank of Scotland, Carrington Viyella, Town and City Properties, FNFC, Amalgamated Estates, Weir, KCA International, Black and Edgington, Lonrho and Capital and Counties. No puts were reported, but a double was arranged in RHM.

# FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

## EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

| | | Mon Dec 21 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Fri Dec 18 Index No. | Thur Dec 17 Index No. | Wed Dec 16 Index No. | Tues Dec 15 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (209) | 351.41 | +0.1 | 9.93 | 4.53 | 12.50 | 350.92 | 350.05 | 348.94 | 344.86 | 283.07 |
| 2 | Building Materials (25) | 298.45 | +0.5 | 15.16 | 5.75 | 7.54 | 297.02 | 298.20 | 297.72 | 296.43 | 259.61 |
| 3 | Contracting, Construction (28) | 528.95 | — | 17.76 | 5.33 | 6.58 | 528.74 | 525.26 | 522.70 | 521.75 | 397.38 |
| 4 | Electricals (30) | 1226.49 | +0.2 | 7.48 | 2.38 | 17.05 | 1223.71 | 1218.69 | 1218.74 | 1197.51 | 942.75 |
| 5 | Engineering Contractors (9) | 486.54 | +0.3 | 13.09 | 5.81 | 8.91 | 485.11 | 486.16 | 478.28 | 478.62 | 398.05 |
| 6 | Mechanical Engineering (66) | 187.90 | −0.4 | 11.36 | 5.80 | 11.21 | 188.63 | 188.12 | 187.04 | 186.53 | 171.41 |
| 8 | Metals and Metal Forming (12) | 164.70 | +0.4 | 8.37 | 7.39 | 16.15 | 163.99 | 162.00 | 160.82 | 159.55 | 138.05 |
| 9 | Motors (21) | 94.00 | −0.3 | — | 7.26 | — | 94.30 | 93.78 | 91.93 | 90.86 | 98.61 |
| 10 | Other Industrial Materials (18) | 367.11 | +0.2 | 8.87 | 6.19 | 13.80 | 366.39 | 367.75 | 364.30 | 359.85 | [illegible] |
| 21 | CONSUMER GROUP (198)o | 265.26 | +0.1 | 13.59 | 6.22 | 9.04 | 264.91 | 264.05 | 264.78 | 263.11 | 236.60 |
| 22 | Brewers and Distillers (20) | 266.84 | −0.3 | 17.05 | 7.29 | 7.03 | 267.76 | 266.93 | 271.51 | 268.02 | 263.06 |
| 25 | Food Manufacturing (21)o | 261.53 | −0.1 | 15.77 | 6.52 | 7.63 | 261.86 | 261.77 | 260.51 | 258.57 | 211.32 |
| 26 | Food Retailing (15) | 541.78 | +0.2 | 9.80 | 3.62 | 12.35 | 540.65 | 536.40 | 538.63 | 536.30 | 404.63 |
| 27 | Health and Household Products (7) | 338.57 | −0.7 | 9.23 | 4.72 | 12.73 | 340.87 | 339.23 | 339.36 | 335.37 | 252.29 |
| 29 | Leisure (24) | 415.21 | −0.1 | 9.85 | 5.35 | 12.65 | 415.54 | 415.13 | 414.23 | 413.26 | 344.40 |
| 32 | Newspapers, Publishing (12) | 479.87 | −0.5 | 12.94 | 6.28 | 11.20 | 482.06 | 482.38 | 480.49 | 477.38 | 427.34 |
| 33 | Packaging and Paper (13) | 128.07 | +0.9 | 16.10 | 8.41 | 7.41 | 126.97 | 126.96 | 127.92 | 128.13 | 112.95 |
| 34 | Stores (46) | 238.18 | +0.6 | 12.10 | 5.67 | 11.08 | 236.72 | 236.07 | 234.43 | 235.21 | 246.57 |
| 35 | Textiles (23) | 152.58 | +1.0 | 18.54 | 6.48 | 12.23 | 151.09 | 151.31 | 151.12 | 150.18 | 123.45 |
| 36 | Tobaccos (3) | 256.13 | +0.8 | 22.60 | 10.18 | 5.08 | 254.14 | 251.16 | 252.14 | 251.26 | 198.15 |
| 39 | Other Consumer (14) | 246.43 | +0.3 | 7.82 | 7.33 | 21.17 | 245.66 | 244.26 | 243.83 | 242.93 | [illegible] |
| 41 | OTHER GROUPS (80) | 226.53 | +0.3 | 11.24 | 6.17 | 11.31 | 225.89 | 224.10 | 224.75 | 222.93 | 210.25 |
| 42 | Chemicals (16) | 293.43 | +0.5 | 6.16 | 6.17 | 25.39 | 291.88 | 286.63 | 286.86 | 285.53 | 290.52 |
| 44 | Office Equipment (4) | 112.40 | −0.4 | 16.27 | 7.83 | 7.36 | 112.84 | 114.66 | 115.57 | 116.92 | 102.29 |
| 45 | Shipping and Transport (13) | 504.84 | +0.1 | 21.23 | 7.32 | 5.61 | 504.41 | 502.03 | 504.01 | 497.23 | 544.34 |
| 46 | Miscellaneous (47) | 290.85 | +0.2 | 12.48 | 5.57 | 9.78 | 290.25 | 289.31 | 290.38 | 286.44 | 262.38 |
| 49 | INDUSTRIAL GROUP (487)o | 289.13 | +0.2 | 11.86 | 5.86 | 10.44 | 288.68 | 287.64 | 287.78 | 285.38 | 250.87 |
| 51 | Oils (13) | 743.31 | −0.8 | 19.16 | 7.60 | 5.91 | 749.10 | 754.69 | 753.83 | 750.18 | 902.41 |
| 59 | 500 SHARE INDEX o | 325.94 | — | 13.18 | 5.93 | 9.16 | 325.98 | 325.47 | 325.47 | 322.95 | 300.52 |
| 61 | FINANCIAL GROUP (119) | 250.94 | −0.7 | — | 6.09 | — | 251.75 | 252.11 | 251.58 | 250.35 | 231.59 |
| 62 | Banks (6) | 271.62 | −1.5 | 33.17 | 6.96 | 3.52 | 275.87 | 275.47 | 272.78 | 272.07 | 246.85 |
| 63 | Discount Houses (9) | 247.16 | +0.3 | — | 8.96 | — | 246.37 | 246.37 | 246.88 | 250.75 | 281.81 |
| 64 | Hire Purchase (3) | 237.38 | +0.2 | 13.11 | 7.79 | 16.56 | 236.75 | 230.21 | 226.69 | 226.69 | 198.03 |
| 65 | Insurance (Life) (9) | 247.35 | −0.4 | — | 6.47 | — | 248.40 | 248.46 | 250.52 | 240.11 | 229.19 |
| 66 | Insurance (Composite) (10) | 153.49 | −1.0 | — | 8.72 | — | 155.10 | 156.00 | 156.65 | 155.24 | 145.55 |
| 67 | Insurance Brokers (8) | 410.99 | −0.9 | 11.33 | 5.92 | 11.95 | 414.71 | 414.08 | 409.28 | 408.81 | 325.62 |
| 68 | Merchant Banks (12) | 152.13 | +0.2 | — | 5.36 | — | 151.86 | 151.86 | 151.56 | 151.84 | 140.82 |
| 69 | Property (50) | 456.14 | — | 4.84 | 3.21 | 27.62 | 456.28 | 457.80 | 454.26 | 453.55 | 437.13 |
| 70 | Miscellaneous (12) | 172.62 | −0.1 | 17.46 | 6.11 | 7.01 | 172.72 | 173.43 | 173.11 | 173.27 | 163.32 |
| 71 | Investment Trusts (110) | 286.36 | +0.2 | — | 5.65 | — | 285.92 | 285.08 | 284.92 | 283.80 | 281.52 |
| 81 | Mining Finance (4) | 241.73 | −1.3 | 14.25 | 5.88 | 8.44 | 244.99 | 243.36 | 243.19 | 241.39 | 228.96 |
| 91 | Overseas Traders (17) | 403.94 | −0.4 | 13.04 | 7.88 | 9.36 | 405.64 | 405.35 | 407.59 | 407.82 | 420.61 |
| 99 | ALL-SHARE INDEX (750)o | 308.77 | −0.2 | — | 5.97 | — | 309.28 | 308.90 | 308.79 | 306.66 | 294.48 |

## FIXED INTEREST

| | PRICE INDICES | Mon Dec 21 | Day's change % | Fri Dec 18 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 104.64 | −0.07 | 104.72 | — | 10.97 |
| 2 | 5-15 years | 97.73 | −0.29 | 98.48 | 0.46 | 13.45 |
| 3 | Over 15 years | 98.84 | −0.16 | 99.66 | 0.66 | 15.25 |
| 4 | Irredeemables | 109.15 | −0.50 | 109.69 | — | 13.73 |
| 5 | All Stocks | 100.04 | −0.18 | 100.60 | 0.38 | 13.17 |
| 6 | Debentures & Loans | 78.94 | −0.25 | 79.14 | — | 10.92 |
| 7 | Preference | 60.85 | +0.25 | 60.70 | — | 6.82 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Mon Dec 21 | Fri Dec 18 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low Coupons | 5 years | 13.70 | 13.60 | 12.09 |
| 2 | | 15 years | 14.20 | 14.12 | 12.89 |
| 3 | | 25 years | 14.17 | 14.13 | 12.89 |
| 4 | Medium Coupons | 5 years | 16.40 | 16.33 | 13.57 |
| 5 | | 15 years | 16.14 | 16.10 | 13.85 |
| 6 | | 25 years | 15.48 | 15.44 | 13.46 |
| 7 | High Coupons | 5 years | 16.23 | 16.14 | 13.55 |
| 8 | | 15 years | 16.31 | 16.27 | 14.06 |
| 9 | | 25 years | 15.70 | 15.70 | 13.71 |
| 10 | Irredeemables† | | 13.57 | 13.50 | 13.66 |
| 11 | Debs & Loans | 5 years | 16.68 | 16.54 | 14.58 |
| 12 | | 15 years | 16.53 | 16.40 | 14.46 |
| 13 | | 25 years | 16.43 | 16.38 | 14.34 |
| 14 | Preference† | | 16.36 | 16.40 | 14.62 |

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
o Corrected indices for Friday December 18.

# FT UNIT TRUST INFORMATION SERVICE

# AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| American Growth | 65.7 | 70.7 | +0.5 | 2.05 |
| Capital | 38.5 | 41.4 | ..... | 4.11 |
| (Accum. Units) | 49.5 | 53.5 | -0.1 | 4.11 |
| General | 59.1 | 67.0 | ..... | 4.81 |
| Gilt & Fixed Int. | 94.3 | 97.3 | ..... | 11.34 |
| Income | 36.6 | 39.6 | ..... | 8.14 |
| Worldwide Bond | 98.9 | 115.1 | -0.2 | 5.57 |
| Inv. Tst. Fd. | 51.0 | 55.3 | +0.7 | 2.62 |
| Equitas Prog. | 83.1 | 89.8 | ..... | 4.55 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| ANR Gilt Trust | 82.7 | 85.9 | -1.0 | 14.73 |

**Allied Hambro Ltd. (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

| | | | | |
|---|---|---|---|---|
| Allied 1st | 89.8 | 96.1 | -0.1 | 5.61 |
| Brit. Inds. Fund | 75.8 | 81.1 | ..... | 6.58 |
| Growth & Income | 56.9 | 60.9 | ..... | 4.11 |
| Elect. & Ind. Dev. | 45.6 | 49.9 | ..... | 4.82 |
| Allied Capital | 97.5 | 104.5 | ..... | 4.78 |
| Hambro Fund | 123.5 | 142.1 | -0.2 | 5.08 |
| Hambro Acc. Fund | 196.3 | 210.1 | -0.3 | 4.76 |

Income Funds

| | | | | |
|---|---|---|---|---|
| High Yield Fd. | 65.1 | 69.7 | +0.3 | 9.21 |
| High Income | 81.7 | 87.6 | ..... | 7.32 |
| Equity Income Fd. | 47.3 | 50.6 | -0.1 | 7.29 |
| Govt. Secs. | 22.2 | 22.8 | ..... | 13.95 |

International Funds

| | | | | |
|---|---|---|---|---|
| International | 36.8 | 39.4 | ..... | 2.34 |
| Japan Fund | 29.9 | 32.0 | -0.1 | 0.51 |
| Pacific Fund | 73.9 | 79.1 | +0.4 | 1.62 |
| Secs. Of America | 86.2 | 92.2 | +0.4 | 2.30 |

Specialist Funds

| | | | | |
|---|---|---|---|---|
| Smaller Co.'s Fd. | 56.9 | 60.9 | ..... | 3.86 |
| 2nd Smlr. Co's Fd. | 71.0 | 76.0 | +0.5 | 3.85 |
| Recovery | 27.8 | 29.7 | +0.1 | 4.75 |

**Chieftain Trust Managers Ltd (a) (g)**
11, New St., EC2M 4TP. 01-283 2632

| | | | | |
|---|---|---|---|---|
| American (z) | 28.2 | 30.4 | +0.2 | 1.62 |
| Australian (z) | 23.6 | 25.7 | -0.1 | 0.98 |
| Far Eastern Tst. (z) | 43.1 | 46.7 | +0.4 | 1.21 |
| High Income | 32.7 | 35.9 | ..... | 12.26 |
| Intl. Trust (z) | 50.1 | 54.6 | +0.1 | 1.40 |
| Basic Resources Tst. | 48.6 | 52.8 | +0.2 | 2.13 |
| Incm. Growth Tst. | 23.8 | 25.8 | -0.3 | 8.65 |
| Pref. & Gilt Tst. | 18.6 | 20.2 | ..... | 15.78 |
| Smaller Co's Trust | 27.6 | 30.0 | ..... | 3.62 |

**Charterhouse Fund Managers (g)**
57-63, Princess St., Manchester. 061-236 5685

| | | | | |
|---|---|---|---|---|
| Growth | 16.9 | 17.3 | ..... | 3.78 |
| International | 64.9 | 70.1 | ..... | 1.15 |
| High Income | 27.9 | 30.1 | ..... | 11.78 |

**Confederation Funds Mgt. Ltd. (a)**
50, Chancery Lane, WC2A 1HE. 01-242 0282

| | | | | |
|---|---|---|---|---|
| Growth Fund | 73.7 | 77.5 | ..... | 3.72 |

**Craigmount Unit Tst. Mgrs. Ltd.**
Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 34.0 | 37.1 | -0.3 | 12.32 |
| North American | 62.1 | 67.0 | +0.5 | 2.55 |
| Canadian Exempt* | 65.2 | 69.7 | ..... | 3.06 |
| Canadian Trust | 55.6 | 60.1 | +0.7 | 2.99 |
| Mid Mond High Inc.* | 43.6 | 46.1 | ..... | 10.39 |
| Recovery | 53.3 | 57.1 | +0.6 | 3.86 |
| Gilt Trust | 37.3 | 39.0 | -2.1 | 14.74 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 4931

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 43.7 | 47.1 | +0.5 | 0.53 |
| Cres. Internat'l. | 90.5 | 97.7 | ..... | 1.54 |
| Cres. High. Dist. | 38.0 | 46.4 | +0.3 | 9.42 |
| Cres. Reserves | 50.7 | 54.7 | -0.1 | 5.48 |
| Cres. Tokyo | 41.5 | 44.8 | -0.2 | 0.28 |

**Darlington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Tst. | 23.1 | 24.5 | ..... | 8.98 |

**Discretionary Unit Fund Managers**
36/38 New Broad St, EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Dec. 4 | 240.4 | 256.4 | ..... | 5.21 |

**E. F. Winchester Fund Mngt. Ltd.**
46, Bloomsbury Square, WC1A 2RA 01-623 8893

# INSURANCE PROPERTY BONDS

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1981 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 98⅛ | 91⅞ | Treasury 3pc '82‡‡ | 98⅞ | +⅛ | 3.05 | 14.34 |
| 107 | 99⅝ | Treasury 14pc '82‡‡ | 99⅞ | −⅛ | 14.04 | 14.91 |
| 99⅞ | 98⅛ | Treas. Variable '82§§ | 99⅞ | ...... | 15.16 | 15.66 |
| 96⅞ | 93⅞ | Treasury 8¼pc '82 | 96⅞xd | −⅛ | 8.55 | 15.58 |
| 96⅛ | 93⅞ | Exch. 9¼pc 1982 | 95⅞ | −⅛ | 9.67 | 15.59 |
| 95⅝ | 92⅝ | Exch. 8¼pc 1983 | 94⅛xd | −⅛ | 9.28 | 15.04 |
| 92¼ | 84⅞ | Exch. 3pc 1983 | 90⅝ | ...... | 3.32 | 15.50 |
| 99⅞ | 95 | Treasury 12pc 1983‡‡ | 96⅛ | ...... | 12.48 | 15.49 |
| 99⅝ | 96¼ | Treas. Variable '83 §§ | 99½ | ...... | 15.19 | 15.46 |
| 94½ | 90⅛ | Treasury 9½pc '83 | 92⅞xd | ...... | 9.96 | 14.56 |
| 101⅞ | 95¼ | Exch. 13½pc '83 | 96⅞ | −⅛ | 13.93 | 15.40 |
| 94⅛ | 89¼ | Exch. 10pc 1983 | 91⅞ | −⅛ | 10.88 | 14.89 |
| 88⅛ | 83½ | Funding 5½pc '82-84‡‡ | 87xd | +¼ | 6.32 | 12.89 |
| 96¼ | 90 | Exch. 11¼pc 1984 | 91⅞ | −⅛ | 12.24 | 15.73 |
| 103⅞ | 95¼ | Exchequer 14pc. 1984 | 96⅝ | −⅛ | 14.48 | 15.72 |
| 82⅞ | 77 | Exch. 3pc 1984 | 80⅜ | ...... | 3.73 | 12.40 |
| 98⅛ | 90½ | Treasury 12pc 1984 | 91½ | −⅛ | 13.11 | 15.86 |
| 107¼ | 95⅞ | Treasury 15pc 1985 | 96⅞ | −¼ | 15.48 | 16.22 |
| 98⅞ | 88¼ | Exch. 12pc Cnv. '85 | 89⅝ | −⅛ | 13.42 | 16.31 |
| 76 | 71 | Treasury 3pc 1985 | 72⅝ | −⅛ | 4.13 | 13.22 |
| 96⅞ | 85¼ | Treasury 11½pc 1985 | 87½xd | −⅛ | 13.14 | 16.31 |
| 98⅞ | 87⅝ | Exch. 12¼pc 1985 | 89 | −⅛ | 13.76 | 16.12 |
| 97⅛ | 84¼ | Exch. 11¾pc '86 | 86⅛ | −⅛ | 13.64 | 16.41 |
| 70⅞ | 65¼ | Treasury 3pc 1986 | 68½ | ...... | 4.37 | 12.51 |
| 97⅞ | 84½ | Treasury 12pc '86 | 87 | −⅛ | 13.79 | 16.19 |
| 88⅛ | 78⅞ | Treasury 8½pc '84-86‡‡ | 80¼xd | ...... | 10.59 | 14.62 |
| 40⅛ | 36¼ | Exch. 14pc 1986a(£40 pd) | 36½ | −¼ | 15.17 | 16.37 |

### Five to Fifteen Years

| 1981 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 103⅞ | 90 | Exch. 13¼pc 1987 | 90xd | −⅛ | 14.54 | 15.89 |
| 81¼ | 71⅛ | Funding 6½pc '85-87‡‡ | 73⅝ | −⅛ | 8.94 | 13.88 |

### Over Fifteen Years

### Undated

### INT. BANK AND O'SEAS GOVT. STERLING ISSUES

### CORPORATION LOANS

### COMMONWEALTH AND AFRICAN LOANS

| 1981 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 98¼ | 92¼ | Aust. 5½pc '81-82 | 98⅜ | .... | 5.65 | 15.33 |
| 87½ | 82½ | Do. 6pc 1981-83 | 85 | −¼ | 7.08 | 15.27 |
| 67¼ | 57 | N.Z. 7¼pc 1988-92 | 57xd | .... | 12.64 | 15.64 |
| 81¼ | 74 | Do. 7½pc '83-86 | 74 | .... | 10.13 | 15.77 |
| 141 | 115 | S. Rhod. 2½pc Non-Ass. | 138 | +1 | — | — |
| 61 | 43 | Do. 3½pc 80-85 Assd. | 57 | ...... | 6.23 | 21.00 |
| 43 | 26 | Do. 4½pc 87-92 Assd. | 34 | ...... | 13.86 | 20.60 |
| 395 | 320 | Zimbabwe Ann (£100pd) | 335 | −1 | — | 25.32 |

## LOANS

### Public Board and Ind.

### Financial

### Building Societies

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## CANADIANS—Continued

## BANKS AND HIRE PURCHASE

### Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## BUILDING INDUSTRY—Contd.

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS—Continued

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## INSURANCE

## INSURANCE—Continued

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc.

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum

### Central African



## MINES—Continued

### Australian

### Tins

### Copper

### Miscellaneous

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 25½ | 12 | Burma Mines 10p | 15 | ...... | 0.75 | 8.9 | 7.1 |
| 330 | 85 | Colby Res. Corp. | 131 | +9 | — | — | — |
| 330 | 200 | Cons. Murch. 10c. | 290 | ...... | Q60c | ◆ | 11.9 |
| 10 | 5 | ††Explaura Gold | 5 | ...... | — | — | — |
| 98 | 47 | ††Hemerdon 10c. | 65 | ...... | — | — | — |
| 180 | 65 | Highwood Res. | 75 | ...... | — | — | — |
| 565 | 260 | Northgate C$1 | 270 | ...... | — | — | — |
| 633 | 372 | R.T.Z. | 455 | −8 | 16.0 | 2.3 | 5.0 |
| £130½ | £93½ | Do.9½%CuLn.'95-2000 | £99 | −1 | Q9½% | — | f9.9 |
| 103 | 13 | ††SPO Minerals 10p | 22 | ...... | — | — | — |
| 47 | 17 | Sabina Inds. C$1 | 18 | −1 | — | — | — |
| 44 | 21 | ‡Southwest C. 10p | 30 | ...... | — | — | — |
| 650 | 465 | Tara Explm. $1 | 525 | +20 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap" Stock.
• Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
◆ Figures or report awaited.
☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
‡‡ Dealt in under Rule 163(3).
# Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
◇ Merger bid or reorganisation in progress.
§ Not comparable.
◆ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
|| No par value.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 40 | ...... |
| Bertrams | 16 | −½ |
| Bdg'wtr. Est. 50p | 495 | ...... |
| Craig & Rose £1 | £13xd | ...... |
| Finlay Pkg. 5p | 25½ | ...... |
| Graig Ship. £1 | £19 | ...... |
| Higsons Brew. | 75 | ...... |
| Holt (Jos) 25p | 520 | ...... |
| I.O.M. Stm. £1 | 150 | ...... |
| Pearce (C. H.) | 810 | ...... |
| Peel Hldgs. | 116 | ...... |
| Sheff. Refrshmt | 83xd | ...... |
| Sindall (Wm.) | 190 | ...... |

| IRISH | | |
|---|---|---|
| Conv. 9% '80/82 | £99⅞ | +⅛ |
| Nat. 9¾% 84/89 | £70½ | ...... |
| Fin. 13% 97/02 | £74⅝ | ...... |
| Alliance Gas | 70 | −7 |
| Arnott | 238 | ...... |
| Carroll (P.J.) | 84 | ...... |
| Concrete Prods. | 90 | ...... |
| Heiton (Hldgs.) | 27 | ...... |
| Irish Ropes | 36 | ...... |
| Jacob | 63 | −4 |
| T.M.G. | 22 | +4 |
| Unidare | 56 | ...... |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| Allied-Lyons | 6½ | House of Fraser | 13 | Utd. Drapery | 6½ |
| BOC Intl. | 11 | I.C.I. | 18 | Vickers | 15 |
| B.S.R. | 7½ | "Imps" | 5 | Woolworths | 4½ |
| Babcock | 9 | I.C.L. | 5 | | |
| Barclays Bank | 36 | Ladbroke | 13 | **Property** | |
| Beecham | 17 | Legal & Gen. | 20 | Brit. Land | 7 |
| Blue Circle | 38 | Lex Service | 9 | Cap. Counties | 10 |
| Boots | 18 | Lloyds Bank | 28 | Land Secs. | 38 |
| Bowaters | 19 | "Lots" | 3½ | MEPC | 20 |
| Brit. Aerospace | 17 | London Brick | 6½ | Peachey | 15 |
| B.A.T. | 28 | Lucas Inds. | 18 | Samuel Props. | 13 |
| Brown (J.) | 8 | "Mams" | 11 | Town & City | 2¼ |
| Burton Ord. | 12 | Mrks. & Spncr | 10 | | |
| Cadburys | 8 | Midland Bank | 26 | **Oils** | |
| Courtaulds | 5½ | N.E.I. | 7 | Brit. Petroleum | 28 |
| Debenhams | 7 | Nat. West. Bank | 30 | Burmah Oil | 11 |
| Distillers | 16 | P & O Dfd. | 9 | Charterhall | 6 |
| Dunlop | 6½ | Plessey | 26 | KCA | 19 |
| Eagle Star | 25 | Racal Elect. | 34 | Premier | 7 |
| F.N.F.C. | 4 | R.H.M. | 7 | Shell | 28 |
| Gen. Accident | 30 | Rank Org. Ord. | 14 | Tricentrol | 25 |
| Gen. Electric | 55 | Reed Intnl. | 23 | Ultramar | 40 |
| Glaxo | 32 | Sears | 5 | | |
| Grand Met. | 15 | Tesco | 5 | **Mines** | |
| G.U.S. 'A' | 36 | Thorn EMI | 30 | Charter Cons. | 22 |
| Guardian | 30 | Trust Houses | 11 | Cons. Gold | 40 |
| G.K.N. | 22 | Tube Invest. | 12 | Lonrho | 7 |
| Hawker Sidd. | 25 | Turner & Newall | 7½ | Rio T. Zinc | 45 |
| | | Unilever | 50 | | |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday December 22 1981



# Single North Sea oil tax urged

BY RAY DAFTER, ENERGY EDITOR

THE UK GOVERNMENT is considering proposals for a radical change to North Sea oil taxes.

Under the plan, put forward by the Institute for Fiscal Studies, all existing taxes would be scrapped and replaced with a single Petroleum Profits Tax. The institute has told the Prime Minister and other Cabinet members that the system could raise as much revenue as the present four taxes paid by oil companies.

The institute's ideas are being considered by Sir Geoffrey Howe, the Chancellor of the Exchequer, as part of his promised review of the North Sea tax structure.

Other proposals less radical, have been submitted by industry organisations.

The Chancellor is expected to announce changes in the tax system in his Budget next spring.

Under the institute's scheme, oil and gas fields would be taxed on their level of profitability. Where the return on investment was less than 15 per cent, companies would be exempt from taxation. But the companies would pay an increasing amount of tax as profitability rose.

Profits above the 15 per cent level would be taxed in three cumulative tiers. The institute suggests profitability trigger-points for these tiers of 15 per cent, 25 per cent and 35 per cent.

Each tier would carry its own tax rate. The institute recommends 30 per cent, 45 per cent and 10 per cent respectively.

When a field was operating at its maximum profitability, therefore, a company would pay a top tax rate of 85 per cent.

According to the institute the tax structure would still provide annual North Sea revenues of more than £6bn (in 1980 values) between 1982 and 1985—similar to the amounts expected to be collected under the present system.

At present, oil companies pay two taxes based on revenue—royalties and Supplementary Petroleum Duty—and two based on profits, Petroleum Revenue Tax and Corporation Tax.

The institute is claiming that its system is simpler, would encourage investment in small fields, would encourage companies to continue production longer, and could be adapted to absorb changes in economic conditions.

Sir Antony Part, chairman of the institute's committee which drew up the tax proposals, said yesterday that the present regime was totally unsatisfactory.

The industry and the Government were caught in a "ridiculous" competition over front-end funds, said Sir Antony, chairman of the Orion Insurance Company and former Permanent Secretary of the Departments of Trade and Industry.

The Government wanted an early injection of North Sea revenue while the industry wanted allowances to help in the development of fields.

The UK Offshore Operators Association, which represents major North Sea companies, said last night that it was studying the proposals.

AGGREGATE TAX REVENUE FOR FIRST 26 NORTH SEA OIL FIELDS
(£bn, deflated to 1980 values)

| | Production | Existing Tax System* (Excl. Corp. Tax) | (Incl. Corp. Tax) | Proposed Petroleum Profits Tax† |
|---|---|---|---|---|
| | (m tonnes) | | | |
| 1982 | 99 | 6.1 | 6.7 | 6.5 |
| 1983 | 103 | 6.2 | 7.4 | 6.6 |
| 1984 | 109 | 6.0 | 7.0 | 6.2 |
| 1985 | 107 | 5.8 | 7.2 | 6.1 |
| 1986 | 97 | 5.4 | 6.9 | 5.6 |
| 1987 | 87 | 4.8 | 6.1 | 5.3 |
| 1988 | 74 | 4.2 | 5.4 | 4.8 |
| 1989 | 63 | 3.4 | 4.3 | 4.1 |
| 1990 | 53 | 2.8 | 3.6 | 3.5 |
| TOTAL | 792 | 44.7 | 54.6 | 48.7 |

* As Corporation Tax can be offset against new field developments the actual tax paid will be between the lower and higher figures stated for the existing system.
† Basen on tax bands of 30%, 45% and 10% (see text).

Soure: Institute for Fiscal Studies

# Government plans 100 technology skill centres

By Jason Crisp

THE GOVERNMENT has considerably extended its plans for setting up Information Technology Centres to train unemployed 16- to 19-year-olds in electronics and computing skills.

Yesterday Mr Kenneth Baker, Industry Minister with responsibility for information technology, announced the locations of the first 30 centres being set up around the country, mainly in inner city areas. He said the Government intended to establish 100 in "the next year or so."

The first 30 centres will cost £9m in their first two years. The increase to 100 will cost a further £30m over two years. Equipment accommodation and running of each centre costs about £300,000 for the first two years. Each will teach 30 to 40 youths a year.

The Manpower Services Commission is providing the majority of the finance, about £220,00 for each centre. The rest will come from the Department of Industry.

The centres, modelled on the pioneer Notting Dale Technology Centre in West London, will teach youths how to assemble and repair small computing systems, how to program a computer, how to use a keyboard and word processors, and production skills.

The centres will have workshops and will be allowed to sell products and services—but they are not expected to be self-financing. Each centre will be supported by a local sponser such as a high technology company or a local authority.

## Sponsors

Companies sponsoring centres include Timex, GEC Telecommunications, Cable and Wireless, Ferranti Computer Ssystems and Systime.

The first 30 centres include five on Merseyside, five in inner London, four in the West Midlands at Birmingham, Coventry, Telford and Walsall, two in Scotland and one in Wales. There are also to be centres in Bristol, Portsmouth, the north-east of England and Yorkshire.

The workshops will be open for use by people other than the trainees.

The department hopes the trainees will be able to find jobs in a number of high technology areas including servicing microprocessor based equipment, making printed circuit boards, using a computer system and digitally-based instruments and systems, word processing, text editing and creating databases.

Details, Page 6

# AEG and Peugeot agree on power tools merger

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN, the struggling West German electrical and electronics group, and Peugeot of France have agreed to merge their power tool interests.

The merged group, with worldwide turnover of about DM 450m (£105m) and a workforce of 3,000 will take third place in the European market after Black and Decker and Robert Bosch.

AEG and the Peugeot subsidiary Aciers et Outillage Peugeot will each hold 50 per cent of a new holding company into which the power tool interests of the two groups will be merged.

AEG's power tools division, which will form the major part of the partnership, is to be established as a separate entity, AEG Elektrowerkzeuge GmbH, which will be owned 100 per cent by the new joint holding company.

The move is the latest in a series of steps taken by the AEG group to find industrial partners both to strengthen its shaky finances and to share product research and development costs.

AEG employs 1,800 in the power tools sector in which it has a turnover of DM 300m. It has plants at Winnenden and Esslingen in the Federal Republic and at Norwich, Connecticut in the U.S.

With stagnating sales and plants working at unsatisfactory levels the power tools division is thought to have made a loss in 1981 of about DM 30m, but AEG said yesterday that the division should be profitable next year.

Peugeot is bringing two subsidiaries, Peugeot Outillage Electrique, at Nanterre and Lurem, at Domfront into the jointly-owned holding company, which will have an equity capital of DM 68m.

AEG and Peugeot have been co-operating in the power tools sector since the early summer with the exchange of several products. This co-operation will be intensified and lead to a rationalisation of the two companies' product lines.

The two companies will maintain, for the present, their independent sales networks, but these are likely to be streamlined later. About two-thirds of the new power tool group's sales is in the do-it-yourself market and one-third in the professional market.

The new holding company will be headed by Herr Roland Runge, head of AEG's power tools division, and will initially be involved chiefly in product development and sales.

AEG has already this year established joint ventures in telecommunications with Robert Bosch and Mannesmann and in video products with JVC of Japan and Thorn EMI of the UK.

Further joint ventures are being negotiated in semi-conductors with United Technologies of the U.S. and a West German partner, in lighting products with Asea of Sweden and in electric motors with Bauknecht of West Germany. These three activities, together with power tools, represent turnover of about DM 1.2bn (group sales 1981, DM 15bn at AEG) and take in some 11,000 of the 126,500-strong group workforce.

If all four proposed deals go through, AEG could realise extraordinary profits of DM 100m, in addition to the extra-ordinary profits of some DM 400m raised by the telecommunications deal with Bosch and Mannesmann.

# Power chief to probe blackouts

By Martin Dickson, Energy Correspondent

AN URGENT inquiry into the length of electricity supply failures in this month's severe weather was announced yesterday by Mr Nigel Lawson, Energy Secretary.

The inquiry will be headed by Mr Austin Bunch, chairman of the Electricity Council, the supply industry's umbrella co-ordinating body.

About 200,000 consumers are estimated to have lost supplies following last week's blizzards. Severe icing and high winds caused power lines to touch and short circuit, while the force of the storms toppled hundreds of electricity poles.

Worst hit was the Southwest, where 100,000 homes were cut off, and some consumers were without power for up to five days.

The inquiry will examine the speed with which consumers were reconnected and the adequacy of the resources used in the repairs: whether consumers were kept fully informed; and the industry's methods for restoring supplies in severe conditions.

Last week Mr Lawson announced an inquiry into the technical standards of overhead power lines.

Mr Lawson told the Commons yesterday that, because of bad weekend weather, about 1,500 consumers were still without power but he hoped all would be reconnected by last night.

# Stockbuilding provides spur to sharp rise in corporate profits

BY ANATOLE KALETSKY

THE SLOW economic recovery which has been under way in Britain since the summer has been due mainly to less destocking by industry and has led to a sharp rise in corporate profits.

This is shown by third quarter figures on domestic production, income and expenditure publisher yesterday by the Central Statistical Office.

While gross domestic product increased between the second and third quarters by about ½ per cent in real terms to -04.5 (1975=100) and by 3½ per cent at current costs, company profits improved by some 10 per cent in the same period.

Incomes from employment rose by 2½ per cent between the second and third quarters, following a rise of 2 per cent in the previous quarter.

The acceleration in employment earnings was due to the receipt of back pay after the Civil Service strike and a reduction in short-time working.

Stockbuilding has been the main engine behind the beginnings of the economic revival. Although total stocks in the economy were still being cut in the third quarter, the rate of decline was much more moderate than at any time since early 1980.


At current prices, stocks and work in progress fell by £410m in the third quarter, compared with falls of between £1.2bn and £2.1bn in each of the preceding four quarters.

The Treasury forecasts published earlier this month predicted that destocking should by now have come to an end and looked forward to a slight net increase in stock levels during 1982. Yesterday's figure confirms that this trend should by now be under way and suggest that the turnround may be somewhat ahead of schedule.

Other components of demand remained flat in the third quarter, with slight falls recorded for both consumers' expenditure and investment. Total investment was estimated at £4.8bn (in 1975 prices), the lowest quarterly figure of the last two years.

Figures on exports and imports for the third quarter are unavailable because of the effect of the Civil Service strike on Customs statistics.

The overall pattern of incomes and expenditures to confirm predictions in many economic forecasts recently, including those published by the Treasury earlier this month.

These have pointed to a fairly sharp recovery in manufacturing output, led by a turnaround from destocking to stockbuilding, in the first few months of next year. This may then slow down in the face of weakness in consumer demand, investment and exports.

# Access cuts retail service charge

BY WILLIAM HALL, BANKING CORRESPONDENT

ACCESS, Britain's biggest credit card company, is cutting the maximum service charge paid by retailers from 5 per cent to 4 per cent. The move will help 40,000 small retailers but wil not affect the service charges paid by petrol stations.

The move follows the Government's decision earlier this month not to uphold a Monopolies and Mergers Commisison recommendation that retailers should be allowed to impose surcharges on people paying by credit cards.

Mrs Sally Oppenheim, Minister for Consumer Affairs, said at the tmie that there was a need for the credit card companies to reconsider their charges to retailers.

The Government intends to maintain pressure for greater competition and a fair charging structure in the credit card market. The Director General of Fair Trading has been asked to keep the credit market under review. He will consider whether to make a further reference to the Monopolies Commission covering the credit card companies service to both traders and cardholders.

Access also said yesterday taht it was aware of the particular difficulties facing small garages and would consider extending some relief to smaller petrol retailers.

The reduction in the maximum service charge will apply to just over a fifth of Access's 175,000 retail outlets. However, they account for only £47m of Access' £1.8bn annual turnover and the reduction will cost Access's owners, the major clearing banks other than Barclays, only about £600,000.

Barclays Bank's Barclaycard, which cut its merchant services charge to petrol stations more than a year ago, said last night that it was reviewing its merchant service charges in line with the undertaking given by the credit card companies.

Access and Barclaycard say their average merchant service charge is about 2.5 per cent. Assuming a combined annual turnover of £3.4bn, this means that retailers pay around £85m annually in service charges.

Martin Dickson writes: The Motor Agents' Association is to meet Access and Barclaycard in the New Year to discuss credit card surcharges. It has also asked for an urgent meeting with Mrs Oppenheim.

The association sent a letter to its 15,300 members at the weekend telling them that they must decide whether to continue surcharging, but stressing that the Government had not made the practice illegal.

If a credit card company threatened to cancel a garage operator's franchise for surcharging, "it will be up to you to consider whether or not the business is worthwhile with more than half your gross profit margin being handed over as commission," the letter said.

No clear pattern semed to have emerged among garage operators. Some continue to impose surcharges, others have given the practice up because of continuous arguments with customers, and others plan to hand in their credit card franchises.

Mr Alan Dix, the association's director general, has written to Mrs Oppenheim saying that her ruling against surchargig will raise the price of petrol and put a large number of independent retailers out of business "sooner rather than later."

# Weather

UK TODAY

BRIGHT intervals in the north, with outbreaks of snow in the south.

London, S.E., E. England, Midlands, S. Wales
Snow in places. Max. 3C (37F).

S.W. England, Channel Is.
Rain or sleet at times. Max. 5C (41F).

N. Wales, N.W., N.E England, Scotland
Bright or sunny intervals, fog patches slow to clear Max. 3C (37F).

N. Ireland
Cloudy, outbreaks of sleet. Max. 3C (37F).

Outlook: Conutinuing wintry.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | C | 12 | 54 | L. Ang.† | Cl | 14 | 57 |
| Algiers | C | 15 | 59 | Luxor | S | 28 | 82 |
| Amsdm. | C | −6 | 21 | Madrid | Dr | 6 | 43 |
| Athens | S | 13 | 55 | Majorca | F | 14 | 57 |
| Bahrain | | — | — | Malaga | Dr | 5 | 41 |
| Barclna. | C | 11 | 52 | Malta | C | 13 | 55 |
| Beirut | S | 2 | 72 | M'chstr. | C | 1 | 34 |
| Belfast | R | 3 | 37 | Melbne. | | — | — |
| Belgrd. | F | −5 | 23 | Mx. C. | | — | — |
| Berlin | S | −10 | 14 | Miami† | | — | — |
| Biarritz | C | 9 | 48 | Milan | Sn | −1 | 30 |
| Bmghm. | Sn | 0 | 32 | Montrl. | | — | — |
| Blackpl. | Sl | 1 | 34 | Moscow | Sn | −3 | 27 |
| Bordx. | F | 9 | 48 | Munich | C | −7 | 19 |
| Boulgn. | C | 0 | 32 | Nairobi | | — | — |
| Bristol | R | 3 | 37 | Naples | Sl | 2 | 36 |
| Brussels | Sn | −1 | 30 | Nassau | | — | — |
| Budpst. | S | −6 | 21 | Nwcstl. | Sl | 2 | 36 |
| Cairo | | — | — | N. York† | | — | — |
| Cardiff | C | 3 | 37 | Nice | R | 5 | 41 |
| Cas'b'ca | F | 18 | 64 | Nicosia | S | 18 | 64 |
| Cape T. | | — | — | Oporto | R | 14 | 57 |
| Chicg.† | Sn | −3 | 27 | Oslo | C | −9 | 16 |
| Cologne | C | −2 | 28 | Paris | R | 4 | 39 |
| Cpnhgn. | Sn | −8 | 18 | Perth | | — | — |
| Corfu | F | 10 | 50 | Prague | F | −12 | 10 |
| Denver† | R | 6 | 43 | Reykjvk. | S | −9 | 16 |
| Dublin | R | 5 | 41 | Rhodes | F | 15 | 59 |
| Dbrvnk. | F | 5 | 41 | Rio J'o | | — | — |
| Ednbgh. | R | 3 | 37 | Rome | F | 10 | 50 |
| Faro | R | 16 | 61 | Salzbrg. | C | −5 | 23 |
| Florence | C | 6 | 43 | S F'cisco† | C | 14 | 57 |
| Frankft. | Sn | −4 | 25 | S. Moritz | | — | — |
| Funchal | F | 20 | 68 | Singapr. | | — | — |
| Geneva | Sn | −2 | 28 | S'tiago† | | — | — |
| Gibraltar | R | 15 | 59 | Stckhm. | Sn | −6 | 21 |
| Glasgow | Sl | 1 | 34 | Strasbg. | C | −3 | 27 |
| G'msey | F | −3 | 27 | Sydney | | — | — |
| Helsinki | Sn | −8 | 18 | Tangier | C | 16 | 61 |
| H. Kong | | — | — | Tel Aviv | S | 21 | 70 |
| Innsbrk. | F | −3 | 27 | Tenerife | F | 22 | 72 |
| Invrnss. | C | 1 | 34 | Tokyo | | — | — |
| I.o Man | R | 3 | 37 | Toronto† | | — | — |
| Istanbul | C | 3 | 37 | Tunis | F | 11 | 52 |
| Jersey | R | 8 | 46 | Valencia | F | 10 | 50 |
| Jo'burg | | — | — | Venice | Sn | −1 | 30 |
| L. Plms. | F | 20 | 68 | Vienna | Fg | −11 | 12 |
| Lisbon | R | 16 | 61 | Warsaw | S | −8 | 18 |
| Locarno | Sn | −2 | 28 | Zurich | C | −5 | 23 |
| London | Sn | 1 | 34 | | | | |

C—Cloudy. Cl—Clear. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

# The Bank shows true grit

The Bank of England's Met Office has come in for a certain amount of criticism over the past few weeks for its inability to predict the monetary weather ever a few hours ahead. Yesterday, for example, the original forecast of a light frost was amended to thaw at the last minute, and conditions in Lombard Street, if not exactly slushy, were said to be flat. But the long-range picture is very squally, and cold fronts seem to be advancing from the Atlantac and Northern Europe simultaneously.

Because the weather turned out less bad than feared, the Bank's grit squad was not required to operate instead, it attended a party—with other local authority manuals—to celebrate the achievement of a real wage cut of only 4 per cent. This has made the road users slightly anxious about the price the squad will charge for restoring a two-way traffic flow next time it snows.

The gritters naturally prefer to b epaid weekly, but at this time of year, when cash is tight, they will accept IOUs going out as far as what their negotiators call "Band Four." Last Friday, when there was quite a lot of frost about, the shop stewards threw out an offer of 14½ per cent in Band Three, saying it was derisory.

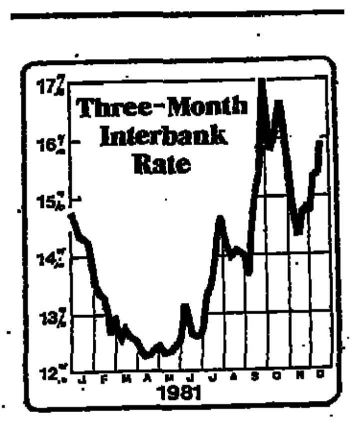
If they are called out just before Christmas, some sort of surcharge may well be on the cards. And forecasts of a durable thaw are so much wishful thinking: it will be months before the grit-cart is exchanged for the mop.

## HK Telephone

Yesterday's raid on Hong Kong Telephone has injected some life into a stock market which has failed to make progress, even against the background of falling interest rates, since early November. Hongkong Land and JF Special Holdings, a recent offshoot of the Jardine Fleming merchant bank, are tendering for up to 35 per cent of the local telephone utility, the maximum permitted without a full offer. After heavy dealing in Hong Kong and London yesterday, they seemed well on their way to meeting the target at a cost of about HK$ 1bn.

Land's last balance sheet showed net debt of $2.2bn supported by shareholders' funds of $15.8bn. So financing the operation will hardly be difficult. HK Telephone is slowly shrugging off its dowdy image. It recently won a greater share of revenues from international telephone calls and is diversifying into unregulated businesses.

Index fell 0.6 to 520.7




But the timing and purpose of Land's initiative are still obscure. HK Telephone shares had been strongly outperforming the market on vague rumours that Cable and Wireless might itself make a bid. At the maximum offer price of $32 per share, the yield is under 5 per cent which compares with local financing costs of about 17 per cent. Land has already diluted its property assets by buying a 40 per cent stake in Jardine Matheson and this deal will take that process further.

## Trident/Playboy

Trident TV's circular underlines how the deal to take over Playboy's UK operation has been struck with the worst outcome in mind. Even if all the casino licences are lost, Trident may emerge relatively unscathed.

The likely cash flow from the casinos until the earliest possible dates of enforced closure is about £3m. A further £¾m may emerge from the planned sale of two casinos jointly owned with Mecca. Meanwhile the betting shops may be worth something approaching £6m, and even without licences the value of the casino property may come to £4m or so. So the worst-case salvage total comes out little short of the £14.6m consideration.

Moreover, contingent liabilities have been strictly liimted. Trident will pay only the statutory redundancy costs of any closures, while Playboy remains responsible for unquantified tax bills that may emerge out of the Victoria casino's past operations. These two factors account for the £4.4m to be held in escrow.

So the deal will justify itself handsomely if Trident manages to retain only one of the casinos. And really ambitious punters will take heart from the sharp reduction in franchise fees payable to Playboy in Chicago, which reduced last year's £16.6m of pre-tax profits by £1.9m. At 63½p, Trident is capitalised at £31m.

## Company profits

Most of the company results in recent weeks have suggested quite a sharp upturn in profits from mid-year on, and that picture is confirmed by the official estimates of company income included in yesterday's figures for GDP in the third quarter. Thus trading profits of industrial and commercial companies are judged to have improved by more than a tenth between the second and third quarters, net of stock appreciation. And the gain on the depressed July-September period of 1980, the very bottom of the profits trough, works out at around 22 per cent.

The GDP statistics show clearly the sharp tailing away of destocking in the third quarter—indeed, according to other recent figures manufacturing companies have begun to add to their work in progress, though the rundown of raw materials and finished goods was continuing through the summer. With activity recovering, if only modestly, profitability is recovering fast. The third quarter trading profits gain would probably be equivalent to a year-on-year rise of at least 25 per cent in terms of the pre-tax profits of listed companies.

## RHM

Ranks Hovis McDougall's annual report boasts a much healtheir balance sheet, reflecttioning the disposalsc of the group's head office and of Wessex Finance. Net borrowings are down by £50m to £95.4m, equivalent to 36 per cent of shareholders' funds, against 59 per cent a year ago. Still, there was a small underlying cash outflow from trading, despite goog working capital control, lower fixed asset and a big jump in operating cash flow.

The return on operating assets in up from 12 to 14 per cent, but is clearly still too low, and there is unlikely to be much progress in the present year because of the "highly competitive" conditions said to be causing unsatisfactory margins in bread baking. Last year's margins are a matter of surmise, for as usual there is no disaggregated profits information.



Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.